

Union Calendar No. 222

104TH CONGRESS  
2D Session

H. R. 2406

[Report No. 104-461]

A BILL

To repeal the United States Housing Act of 1937, deregulate the public housing program and the program for rental housing assistance for low-income families, and increase community control over such programs, and for other purposes.

FEBRUARY 1, 1996

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

**Union Calendar No. 222**

104TH CONGRESS  
2D SESSION

**H. R. 2406**

**[Report No. 104-461]**

To repeal the United States Housing Act of 1937, deregulate the public housing program and the program for rental housing assistance for low-income families, and increase community control over such programs, and for other purposes.

---

**IN THE HOUSE OF REPRESENTATIVES**

SEPTEMBER 27, 1995

Mr. LAZIO of New York (for himself, Mr. LEACH, Mr. MCCOLLUM, Mr. BAKER of Louisiana, Mr. CASTLE, Mr. WELLER, Mr. BONO, Mr. EHR-  
LICH, Mr. CREMEANS, Mr. FOX of Pennsylvania, Mr. HEINEMAN, and  
Mrs. KELLY) introduced the following bill; which was referred to the  
Committee on Banking and Financial Services

FEBRUARY 1, 1996

Additional sponsors: Mr. BACHUS, Mr. KING, Mr. HAYWORTH, Mr. NEY, Mr.  
CHRYSLER, Mr. STOCKMAN, and Mr. SHAYS

FEBRUARY 1, 1996

Reported with an amendment, committed to the Committee of the Whole  
House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on September 27, 1995]

---

**A BILL**

To repeal the United States Housing Act of 1937, deregulate  
the public housing program and the program for rental  
housing assistance for low-income families, and increase

community control over such programs, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
 2       *tives of the United States of America in Congress assembled,*

3       ***SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.***

4       (a) *SHORT TITLE.*—*This Act may be cited as the*  
 5       *“United States Housing Act of 1996”.*

6       (b) *TABLE OF CONTENTS.*—*The table of contents for*  
 7       *this Act is as follows:*

*Sec. 1. Short title and table of contents.*

*Sec. 2. Declaration of policy to renew American neighborhoods.*

***TITLE I—GENERAL PROVISIONS***

*Sec. 101. Statement of purpose.*

*Sec. 102. Definitions.*

*Sec. 103. Organization of local housing and management authorities.*

*Sec. 104. Determination of adjusted income.*

*Sec. 105. Limitation on admission of drug or alcohol abusers to assisted housing.*

*Sec. 106. Community work and family self-sufficiency requirement.*

*Sec. 107. Local housing management plans.*

*Sec. 108. Review of plans.*

*Sec. 109. Pet ownership.*

*Sec. 110. Administrative grievance procedure.*

*Sec. 111. Headquarters reserve fund.*

*Sec. 112. Labor standards.*

*Sec. 113. Nondiscrimination.*

*Sec. 114. Effective date and regulations.*

***TITLE II—PUBLIC HOUSING***

***Subtitle A—Block Grants***

*Sec. 201. Block grant contracts.*

*Sec. 202. Block grant authority and amount.*

*Sec. 203. Eligible and required activities.*

*Sec. 204. Determination of block grant allocation.*

*Sec. 205. Sanctions for improper use of amounts.*

***Subtitle B—Admissions and Occupancy Requirements***

*Sec. 221. Low-income housing requirement.*

*Sec. 222. Family eligibility.*

*Sec. 223. Preferences for occupancy.*

*Sec. 224. Admission procedures.*

*Sec. 225. Family rental payment.*

*Sec. 226. Lease requirements.*

*Sec. 227. Designated housing for elderly and disabled families.*

*Subtitle C—Management*

*Sec. 231. Management procedures.*

*Sec. 232. Housing quality requirements.*

*Sec. 233. Employment of residents.*

*Sec. 234. Resident councils and resident management corporations.*

*Sec. 235. Management by resident management corporation.*

*Sec. 236. Transfer of management of certain housing to independent manager at request of residents.*

*Sec. 237. Resident opportunity program.*

*Subtitle D—Homeownership*

*Sec. 251. Resident homeownership programs.*

*Subtitle E—Disposition, Demolition, and Revitalization of Developments*

*Sec. 261. Requirements for demolition and disposition of developments.*

*Sec. 262. Demolition, site revitalization, replacement housing, and choice-based assistance grants for developments.*

*Subtitle F—General Provisions*

*Sec. 271. Conversion to block grant assistance.*

*Sec. 272. Payment of non-Federal share.*

*Sec. 273. Definitions.*

*Sec. 274. Authorization of appropriations for block grants.*

*Sec. 275. Authorization of appropriations for operation safe home.*

**TITLE III—CHOICE-BASED RENTAL HOUSING AND  
HOMEOWNERSHIP ASSISTANCE FOR LOW-INCOME FAMILIES**

*Subtitle A—Allocation*

*Sec. 301. Authority to provide housing assistance amounts.*

*Sec. 302. Contracts with LHMA's.*

*Sec. 303. Eligibility of LHMA's for assistance amounts.*

*Sec. 304. Allocation of amounts.*

*Sec. 305. Administrative fees.*

*Sec. 306. Authorizations of appropriations.*

*Sec. 307. Conversion of section 8 assistance.*

*Subtitle B—Choice-Based Housing Assistance for Eligible Families*

*Sec. 321. Eligible families and preferences for assistance.*

*Sec. 322. Resident contribution.*

*Sec. 323. Rental indicators.*

*Sec. 324. Lease terms.*

*Sec. 325. Termination of tenancy.*

*Sec. 326. Eligible owners.*

*Sec. 327. Selection of dwelling units.*

*Sec. 328. Eligible dwelling units.*

*Sec. 329. Homeownership option.*

*Subtitle C—Payment of Housing Assistance on Behalf of Assisted Families*

- Sec. 351. Housing assistance payments contracts.*  
*Sec. 352. Amount of monthly assistance payment.*  
*Sec. 353. Payment standards.*  
*Sec. 354. Reasonable rents.*  
*Sec. 355. Prohibition of assistance for vacant rental units.*

*Subtitle D—General and Miscellaneous Provisions*

- Sec. 371. Definitions.*  
*Sec. 372. Rental assistance fraud recoveries.*  
*Sec. 373. Study regarding geographic concentration of assisted families.*

**TITLE IV—ACCREDITATION AND OVERSIGHT OF LOCAL HOUSING  
AND MANAGEMENT AUTHORITIES**

*Subtitle A—Housing Foundation and Accreditation Board*

- Sec. 401. Establishment.*  
*Sec. 402. Membership.*  
*Sec. 403. Functions.*  
*Sec. 404. Initial establishment of standards and procedures for LHMA compliance.*  
*Sec. 405. Powers.*  
*Sec. 406. Fees.*  
*Sec. 407. Reports.*

*Subtitle B—Accreditation and Oversight Standards and Procedures*

- Sec. 431. Establishment of performance benchmarks and accreditation procedures.*  
*Sec. 432. Annual financial and performance audit.*  
*Sec. 433. Accreditation.*  
*Sec. 434. Classification by performance category.*  
*Sec. 435. Performance agreements for authorities at risk of becoming troubled.*  
*Sec. 436. Performance agreements and CDBG sanctions for troubled LHMA's.*  
*Sec. 437. Option to demand conveyance of title to or possession of public housing.*  
*Sec. 438. Removal of ineffective LHMA's.*  
*Sec. 439. Mandatory takeover of chronically troubled PHA's.*  
*Sec. 440. Treatment of troubled PHA's.*  
*Sec. 441. Maintenance of and access to records.*  
*Sec. 442. Annual reports regarding troubled LHMA's.*  
*Sec. 443. Applicability to resident management corporations.*  
*Sec. 444. Inapplicability to Indian housing.*

**TITLE V—REPEALS AND CONFORMING AMENDMENTS**

- Sec. 501. Repeals.*  
*Sec. 502. Conforming and technical provisions.*  
*Sec. 503. Amendments to Public and Assisted Housing Drug Elimination Act of 1990.*

**1 SEC. 2. DECLARATION OF POLICY TO RENEW AMERICAN**

**2 NEIGHBORHOODS.**

**3 The Congress hereby declares that—**

1           *(1) the Federal Government has a responsibility*  
2           *to promote the general welfare of the Nation—*

3                     *(A) by using Federal resources to aid fami-*  
4                     *lies and individuals seeking affordable homes*  
5                     *that are safe, clean, and healthy and, in particu-*  
6                     *lar, assisting responsible, deserving citizens who*  
7                     *cannot provide fully for themselves because of*  
8                     *temporary circumstances or factors beyond their*  
9                     *control;*

10                    *(B) by working to ensure a thriving na-*  
11                    *tional economy and a strong private housing*  
12                    *market; and*

13                    *(C) by developing effective partnerships*  
14                    *among the Federal Government, State and local*  
15                    *governments, and private entities that allow gov-*  
16                    *ernment to accept responsibility for fostering the*  
17                    *development of a healthy marketplace and allow*  
18                    *families to prosper without government involve-*  
19                    *ment in their day-to-day activities;*

20           *(2) the Federal Government cannot through its*  
21           *direct action or involvement provide for the housing*  
22           *of every American citizen, or even a majority of its*  
23           *citizens, but it is the responsibility of the Government*  
24           *to promote and protect the independent and collective*

1        *actions of private citizens to develop housing and*  
2        *strengthen their own neighborhoods;*

3            *(3) the Federal Government should act only*  
4        *where there is a serious need that private citizens or*  
5        *groups cannot or are not addressing responsibly; and*

6            *(4) housing is a fundamental and necessary com-*  
7        *ponent of bringing true opportunity to people and*  
8        *communities in need, but providing physical struc-*  
9        *tures to house low-income families will not by itself*  
10       *pull generations up from poverty.*

## 11        ***TITLE I—GENERAL PROVISIONS***

### 12       ***SEC. 101. STATEMENT OF PURPOSE.***

13        *The purpose of this Act is to promote safe, clean, and*  
14        *healthy housing that is affordable to low-income families,*  
15        *and thereby contribute to the supply of affordable housing,*  
16        *by—*

17            *(1) deregulating and decontrolling public hous-*  
18        *ing agencies, which in this Act are referred to as*  
19        *“local housing and management authorities”, and*  
20        *thereby enable them to perform as property and asset*  
21        *managers;*

22            *(2) providing for more flexible use of Federal as-*  
23        *sistance to local housing and management authorities,*  
24        *allowing the authorities to leverage and combine as-*

1        *sistance amounts with amounts obtained from other*  
2        *sources;*

3                *(3) facilitating mixed income communities;*

4                *(4) increasing accountability and rewarding ef-*  
5        *fective management of local housing and management*  
6        *authorities;*

7                *(5) creating incentives and economic opportuni-*  
8        *ties for residents of dwelling units assisted by local*  
9        *housing and management authorities to work and be-*  
10       *come self-sufficient; and*

11               *(6) recreating the existing rental assistance*  
12       *voucher program so that the use of vouchers and rela-*  
13       *tionships between landlords and tenants under the*  
14       *program operate in a manner that more closely re-*  
15       *sembles the private housing market.*

16    ***SEC. 102. DEFINITIONS.***

17        *For purposes of this Act, the following definitions shall*  
18       *apply:*

19               *(1) DISABLED FAMILY.—The term “disabled*  
20       *family” means a family whose head (or his or her*  
21       *spouse), or whose sole member, is a person with dis-*  
22       *abilities. Such term includes 2 or more persons with*  
23       *disabilities living together, and 1 or more such per-*  
24       *sons living with 1 or more persons determined under*



1       *the regulations of the Secretary to be essential to their*  
2       *care or well-being.*

3           (2) *DRUG-RELATED CRIMINAL ACTIVITY.*—*The*  
4       *term “drug-related criminal activity” means the ille-*  
5       *gal manufacture, sale, distribution, use, or possession*  
6       *with intent to manufacture, sell, distribute, or use, of*  
7       *a controlled substance (as such term is defined in sec-*  
8       *tion 102 of the Controlled Substances Act).*

9           (3) *ELDERLY FAMILIES AND NEAR ELDERLY*  
10       *FAMILIES.*—*The terms “elderly family” and “near-el-*  
11       *derly family” mean a family whose head (or his or*  
12       *her spouse), or whose sole member, is an elderly per-*  
13       *son or a near-elderly person, respectively. Such terms*  
14       *include 2 or more elderly persons or near-elderly per-*  
15       *sons living together, and 1 or more such persons liv-*  
16       *ing with 1 or more persons determined under the reg-*  
17       *ulations of the Secretary to be essential to their care*  
18       *or well-being.*

19           (4) *ELDERLY PERSON.*—*The term “elderly per-*  
20       *son” means a person who is at least 62 years of age.*

21           (5) *FAMILY.*—*The term “family” includes a fam-*  
22       *ily with or without children, an elderly family, a*  
23       *near-elderly family, a disabled family, and a single*  
24       *person.*

1           (6) *INCOME*.—The term “income” means, with  
2       respect to a family, income from all sources of each  
3       member of the household, as determined in accordance  
4       with criteria prescribed by the applicable local hous-  
5       ing and management authority and the Secretary, ex-  
6       cept that the following amounts shall be excluded:

7           (A) Any amounts not actually received by  
8       the family.

9           (B) Any amounts that would be eligible for  
10      exclusion under section 1613(a)(7) of the Social  
11      Security Act.

12          (7) *INDIAN*.—The term “Indian” means any per-  
13      son recognized as being an Indian, Alaska Native, or  
14      Native Hawaiian by an Indian tribe, the Federal  
15      Government, or any State.

16          (8) *INDIAN AREA*.—The term “Indian area”  
17      means the area within which an Indian housing au-  
18      thority is authorized to provide low-income housing  
19      assistance under this Act.

20          (9) *INDIAN HOUSING AUTHORITY*.—The term  
21      “Indian housing authority” means any entity that—

22           (A) is authorized to engage in or assist in  
23      the production or operation of low-income hous-  
24      ing for Indians that is assisted under this Act;  
25      and

1                   (B) is established—

2                   (i) by exercise of the power of self-gov-  
3                   ernment of an Indian tribe independent of  
4                   State law; or

5                   (ii) by operation of State law provid-  
6                   ing specifically for housing authorities for  
7                   Indians, including regional housing au-  
8                   thorities in the State of Alaska.

9                   (10) INDIAN TRIBE.—The term “Indian tribe”  
10                  means any tribe, band, pueblo, group, community, or  
11                  nation of Indians, Alaska Natives, or Native Hawai-  
12                  ians.

13                  (11) LOCAL HOUSING AND MANAGEMENT AU-  
14                  THORITY.—The term “local housing and management  
15                  authority” is defined in section 103.

16                  (12) LOCAL HOUSING MANAGEMENT PLAN.—The  
17                  term “local housing management plan” means, with  
18                  respect to any fiscal year, the plan under section 107  
19                  of a local housing and management authority for such  
20                  fiscal year.

21                  (13) LOW-INCOME FAMILY.—The term “low-in-  
22                  come family” means a family whose income does not  
23                  exceed 80 percent of the median income for the area,  
24                  except that the Secretary may, for purposes of this  
25                  paragraph, establish income ceilings higher or lower

1        *than 80 percent of the median for the area on the*  
2        *basis of the authority's findings that such variations*  
3        *are necessary because of unusually high or low family*  
4        *incomes.*

5            (14) *LOW-INCOME HOUSING.—The term “low-in-*  
6        *come housing” means dwellings that comply with the*  
7        *requirements—*

8                    (A) *under subtitle B of title II for assist-*  
9                    *ance under such title for the dwellings; or*

10                   (B) *under title III for rental assistance*  
11                   *payments under such title for the dwellings.*

12            (15) *NEAR-ELDERLY PERSON.—The term “near-*  
13        *elderly person” means a person who is at least 55*  
14        *years of age.*

15            (16) *PERSON WITH DISABILITIES.—The term*  
16        *“person with disabilities” means a person who—*

17                    (A) *has a disability as defined in section*  
18                    *223 of the Social Security Act; or*

19                    (B) *has a developmental disability as de-*  
20                    *finied in section 102 of the Developmental Dis-*  
21                    *abilities Assistance and Bill of Rights Act.*

22        *Such term shall not exclude persons who have the dis-*  
23        *ease of acquired immunodeficiency syndrome or any*  
24        *conditions arising from the etiologic agent for ac-*  
25        *quired immunodeficiency syndrome. Notwithstanding*

1     *any other provision of law, no individual shall be*  
 2     *considered a person with disabilities, for purposes of*  
 3     *eligibility for public housing under title II of this Act,*  
 4     *solely on the basis of any drug or alcohol dependence.*  
 5     *The Secretary shall consult with other appropriate*  
 6     *Federal agencies to implement the preceding sentence.*

7           (17) *PUBLIC HOUSING.*—*The term “public hous-*  
 8     *ing” means housing, and all necessary appurtenances*  
 9     *thereto, that—*

10           (A) *is low-income housing or low-income*  
 11     *dwelling units in mixed income housing (as pro-*  
 12     *vided in section 221(c)(2)); and*

13           (B)(i) *is subject to an annual block grant*  
 14     *contract under title II; or*

15           (ii) *was subject to an annual block grant*  
 16     *contract under title II (or an annual contribu-*  
 17     *tions contract under the United States Housing*  
 18     *Act of 1937) which is not in effect, but for which*  
 19     *occupancy is limited in accordance with the re-*  
 20     *quirements under section 222(a).*

21           (18) *SECRETARY.*—*The term “Secretary” means*  
 22     *the Secretary of Housing and Urban Development.*

23           (19) *STATE.*—*The term “State” means the States*  
 24     *of the United States, the District of Columbia, the*  
 25     *Commonwealth of Puerto Rico, the Commonwealth of*

1 *the Northern Mariana Islands, Guam, the Virgin Is-*  
 2 *lands, American Samoa, any other territory or pos-*  
 3 *session of the United States, and Indian tribes.*

4 (20) *VERY LOW-INCOME FAMILY.*—*The term*  
 5 *“very low-income family” means a low-income family*  
 6 *whose income does not exceed 50 percent of the me-*  
 7 *dian family income for the area, except that the Sec-*  
 8 *retary may, for purposes of this paragraph, establish*  
 9 *income ceilings higher or lower than 50 percent of the*  
 10 *median for the area on the basis of the authority’s*  
 11 *findings that such variations are necessary because of*  
 12 *unusually high or low family incomes.*

13 ***SEC. 103. ORGANIZATION OF LOCAL HOUSING AND MAN-***  
 14 ***AGEMENT AUTHORITIES.***

15 (a) *REQUIREMENTS.*—*For purposes of this Act, the*  
 16 *terms “local housing and management authority” and “au-*  
 17 *thority” mean any entity that—*

18 (1) *is—*

19 (A) *a public housing agency or Indian*  
 20 *housing authority that was authorized under the*  
 21 *United States Housing Act of 1937 to engage in*  
 22 *or assist in the development or operation of low-*  
 23 *income housing;*

24 (B) *authorized under this Act to engage in*  
 25 *or assist in the development or operation of low-*

1           *income housing by any State, county, municipi-*  
 2           *ality, or other governmental body or public en-*  
 3           *tity; or*

4                     *(C) an entity selected by the Secretary, pur-*  
 5           *suant to subtitle B of title IV, to manage hous-*  
 6           *ing; and*

7           *(2) complies with the requirements under sub-*  
 8           *section (b).*

9           *(b) GOVERNANCE.—*

10                   *(1) BOARD OF DIRECTORS.—Each local housing*  
 11           *and management authority shall have a board of di-*  
 12           *rectors or other form of governance as prescribed in*  
 13           *State or local law. No person may be barred from*  
 14           *serving on such board or body because of such per-*  
 15           *son's residency in a public housing development or*  
 16           *status as an assisted family under title III.*

17                   *(2) RESIDENT MEMBERSHIP.—*

18                    *(A) IN GENERAL.—Except as provided in*  
 19           *subparagraph (B), in localities in which a local*  
 20           *housing and management authority is governed*  
 21           *by a board of directors or other similar body, the*  
 22           *board or body shall include not less than 1 mem-*  
 23           *ber who is—*

1           (i) a resident of a public housing  
2 dwelling unit owned or operated by the au-  
3 thority; or

4           (ii) a member of an assisted family  
5 under title III.

6           (B) *EXCEPTIONS.*—The requirement in sub-  
7 paragraph (A) with respect to a resident member  
8 shall not apply to—

9           (i) any State or local governing body  
10 that serves as a local housing and manage-  
11 ment authority for purposes of this Act and  
12 whose responsibilities include substantial  
13 activities other than acting as the local  
14 housing and management authority, except  
15 that such requirement shall apply to any  
16 advisory committee or organization that is  
17 established by such governing body and  
18 whose responsibilities relate only to the gov-  
19 erning body's functions as a local housing  
20 and management authority for purposes of  
21 this Act;

22           (ii) any local housing and manage-  
23 ment authority that owns or operates less  
24 than 250 public housing dwelling units (in-



cluding any authority that does not own or  
operate public housing);

(iii) any local housing and manage-  
ment authority that manages public hous-  
ing consisting primarily of scattered site  
public housing;

(iv) any local housing and manage-  
ment authority in a State in which State  
law specifically precludes public housing  
residents or assisted families from serving  
on the board of directors or other similar  
body of an authority; or

(v) any local housing and management  
authority in a State that requires the mem-  
bers of the board of directors or other simi-  
lar body of a local housing and manage-  
ment authority to be salaried and to serve  
on a full-time basis.

(3) *FULL PARTICIPATION.*—No local housing and  
management authority may limit or restrict the ca-  
pacity or offices in which a member of such board or  
body may serve on such board or body solely because  
of the member's status as a resident member.

(4) *CONFLICTS OF INTEREST.*—The Secretary  
shall establish guidelines to prevent conflicts of inter-

1        *est on the part of members of the board or directors*  
 2        *or governing body of a local housing and management*  
 3        *authority.*

4            (5) *DEFINITION.—For purposes of this sub-*  
 5        *section, the term “resident member” means a member*  
 6        *of the board of directors or other similar governing*  
 7        *body of a local housing and management authority*  
 8        *who is a resident of a public housing dwelling unit*  
 9        *administered or assisted by the authority or is an as-*  
 10       *sisted family (as such term is defined in section 371).*

11        (c) *ESTABLISHMENT OF POLICIES.—Any rules, regula-*  
 12       *tions, policies, standards, and procedures necessary to im-*  
 13       *plement policies required under section 107 to be included*  
 14       *in the local housing management plan for a local housing*  
 15       *and management authority shall be approved by the board*  
 16       *of directors or similar governing body of the authority and*  
 17       *shall be publicly available for review upon request.*

18       **SEC. 104. DETERMINATION OF ADJUSTED INCOME.**

19        (a) *IN GENERAL.—For purposes of this Act, the term*  
 20        *“adjusted income” means, with respect to a family, the dif-*  
 21        *ference between the income of the members of the family*  
 22        *residing in a dwelling unit or the persons on a lease and*  
 23        *the amount of any income exclusions for the family under*  
 24        *subsections (b) and (c), as determined by the local housing*  
 25        *and management authority.*

1       (b) *MANDATORY EXCLUSIONS FROM INCOME.*—*In de-*  
 2 *termining adjusted income, a local housing and manage-*  
 3 *ment authority shall exclude from the annual income of a*  
 4 *family the following amounts:*

5           (1) *ELDERLY AND DISABLED FAMILIES.*—*\$400*  
 6 *for any elderly or disabled family.*

7           (2) *MEDICAL EXPENSES.*—*The amount by which*  
 8 *3 percent of the annual family income is exceeded by*  
 9 *the sum of—*

10           (A) *unreimbursed medical expenses of any*  
 11 *elderly family;*

12           (B) *unreimbursed medical expenses of any*  
 13 *nonelderly family, except that this subparagraph*  
 14 *shall apply only to the extent approved in ap-*  
 15 *propriation Acts; and*

16           (C) *unreimbursed reasonable attendant care*  
 17 *and auxiliary apparatus expenses for each*  
 18 *handicapped member of the family, to the extent*  
 19 *necessary to enable any member of such family*  
 20 *(including such handicapped member) to be em-*  
 21 *ployed.*

22           (3) *CHILD CARE EXPENSES.*—*Any reasonable*  
 23 *child care expenses necessary to enable a member of*  
 24 *the family to be employed or to further his or her edu-*  
 25 *cation.*

1           (4) *MINORS.*—\$480 for each member of the fam-  
 2           ily residing in the household (other than the head of  
 3           the household or his or her spouse) who is under 18  
 4           years of age or is attending school or vocational  
 5           training on a full-time basis.

6           (5) *CHILD SUPPORT PAYMENTS.*—Any payment  
 7           made by a member of the family for the support and  
 8           maintenance of any child who does not reside in the  
 9           household, except that the amount excluded under this  
 10          paragraph may not exceed \$480 for each child for  
 11          whom such payment is made.

12          (c) *PERMISSIVE EXCLUSIONS FROM INCOME.*—In de-  
 13          termining adjusted income, a local housing and manage-  
 14          ment authority may, in the discretion of the authority, es-  
 15          tablish exclusions from the annual income of a family. Such  
 16          exclusions may include the following amounts:

17               (1) *EXCESSIVE TRAVEL EXPENSES.*—Excessive  
 18               travel expenses in an amount not to exceed \$25 per  
 19               family per week, for employment- or education-related  
 20               travel.

21               (2) *EARNED INCOME.*—An amount of any earned  
 22               income of the family, established at the discretion of  
 23               the local housing and management authority, which  
 24               may be based on—

25                       (A) all earned income of the family,

1                   (B) the amount earned by particular mem-  
2                   bers of the family;

3                   (C) the amount earned by families having  
4                   certain characteristics; or

5                   (D) the amount earned by families or mem-  
6                   bers during certain periods or from certain  
7                   sources.

8                   (3) *OTHERS*.—Such other amounts for other pur-  
9                   poses, as the local housing and management authority  
10                  may establish.

11 **SEC. 105. LIMITATION ON ADMISSION OF DRUG OR ALCO-**  
12 **HOL ABUSERS TO ASSISTED HOUSING.**

13                  (a) *AUTHORITY*.—Notwithstanding any other provi-  
14                  sion of law, a local housing and management authority  
15                  may establish standards for occupancy in public housing  
16                  dwelling units and assistance under title III, that prohibit  
17                  admission to such units and assistance under title III by  
18                  any person—

19                       (1) who currently illegally uses a controlled sub-  
20                       stance; or

21                       (2) whose history of illegal use of a controlled  
22                       substance or use of alcohol, or current use of alcohol,  
23                       provides reasonable cause for the authority to believe  
24                       that the occupancy by such individual may interfere

1       *with the health, safety, or right to peaceful enjoyment*  
2       *of the premises by other residents.*

3       **(b) CONSIDERATION OF REHABILITATION.**—*In deter-*  
4       *mining whether, pursuant to subsection (a), to deny admis-*  
5       *sion or assistance to any person based on a history of use*  
6       *of a controlled substance or alcohol, a local housing and*  
7       *management authority may consider whether such person—*

8               *(1) has successfully completed a supervised drug*  
9       *or alcohol rehabilitation program (as applicable) and*  
10       *is no longer engaging in the illegal use of a controlled*  
11       *substance or use of alcohol (as applicable),*

12               *(2) has otherwise been rehabilitated successfully*  
13       *and is no longer engaging in the illegal use of a con-*  
14       *trolled substance or use of alcohol (as applicable), or*

15               *(3) is participating in a supervised drug or alco-*  
16       *hol rehabilitation program (as applicable) and is no*  
17       *longer engaging in the illegal use of a controlled sub-*  
18       *stance or use of alcohol (as applicable),*

19       *and in making such a determination may obtain rec-*  
20       *ommendations of social workers, drug and alcohol coun-*  
21       *selors, probation officers, and former landlords for such per-*  
22       *son.*

1 **SEC. 106. COMMUNITY WORK AND FAMILY SELF-SUFFI-**  
2 **CIENCY REQUIREMENT.**

3 (a) *REQUIREMENT.*—*Except as provided in subsection*  
4 *(b), each local housing and management authority shall re-*  
5 *quire, as a condition of occupancy of a public housing*  
6 *dwelling unit by a family and of providing housing assist-*  
7 *ance under title III on behalf of a family, that each adult*  
8 *member of the family shall—*

9 (1) *contribute not less than 8 hours of work per*  
10 *month within the community in which the family re-*  
11 *sides; or*

12 (2) *participate on an ongoing basis in a pro-*  
13 *gram designed to promote economic self-sufficiency.*

14 (b) *EXEMPTIONS.*—*A local housing and management*  
15 *authority shall provide for the exemption, from the applica-*  
16 *bility of the requirement under subsection (a), of each indi-*  
17 *vidual who is—*

18 (1) *an elderly person and unable, as determined*  
19 *in accordance with guidelines established by the Sec-*  
20 *retary, to comply with the requirement;*

21 (2) *a person with disabilities and unable (as so*  
22 *determined) to comply with the requirement;*

23 (3) *working, attending school or vocational*  
24 *training, or otherwise complying with work require-*  
25 *ments applicable under other public assistance pro-*

1        *grams, and unable (as so determined) to comply with*  
 2        *the requirement; or*

3                *(4) otherwise physically impaired, as certified by*  
 4        *a doctor, and is therefore unable to comply with the*  
 5        *requirement.*

6    **SEC. 107. LOCAL HOUSING MANAGEMENT PLANS.**

7        *(a) IN GENERAL.—In accordance with this section, the*  
 8        *Secretary shall provide for each local housing and manage-*  
 9        *ment authority to submit to the Secretary a local housing*  
 10        *management plan under this section for each fiscal year*  
 11        *that describes the mission of the local housing and manage-*  
 12        *ment authority and the goals, objectives, and policies of the*  
 13        *authority to meet the housing needs of low-income families*  
 14        *in the jurisdiction of the authority.*

15        *(b) PROCEDURES.—The Secretary shall establish re-*  
 16        *quirements and procedures for submission and review of*  
 17        *plans and for the contents of such plans. Such procedures*  
 18        *shall provide for local housing and management authorities*  
 19        *to, at the option of the authority, submit plans under this*  
 20        *section together with, or as part of, the comprehensive hous-*  
 21        *ing affordability strategy under section 105 of the Cran-*  
 22        *ston-Gonzalez National Affordable Housing Act (or any*  
 23        *consolidated plan incorporating such strategy) for the rel-*  
 24        *evant jurisdiction and for concomitant review of such plans.*



1       (c) *CONTENTS.*—A local housing management plan  
2 under this section for a local housing and management au-  
3 thority shall contain the following information relating to  
4 the upcoming fiscal year for which the assistance under this  
5 Act is to be made available:

6           (1) *FINANCIAL RESOURCES.*—An operating budg-  
7 et for the authority that includes—

8               (A) a description of the financial resources  
9 available to the authority;

10              (B) the uses to which such resources will be  
11 committed, including eligible and required ac-  
12 tivities under section 203 to be assisted, housing  
13 assistance to be provided under title III, and ad-  
14 ministrative, management, maintenance, and  
15 capital improvement activities to be carried out;  
16 and

17              (C) an estimate of the market rent value of  
18 each public housing development of the author-  
19 ity.

20           (2) *POPULATION SERVED.*—A statement of the  
21 policies of the authority governing eligibility, admis-  
22 sions, and occupancy of families with respect to pub-  
23 lic housing dwelling units and housing assistance  
24 under title III, including—

1           (A) the requirements for eligibility for such  
2 units and assistance and the method by which  
3 eligibility will be determined and verified;

4           (B) the requirements for selection and ad-  
5 missions of eligible families for such units and  
6 assistance, including any preferences established  
7 under section 223 or 321(c) and the criteria for  
8 selection under section 222(b);

9           (C) the procedures for assignment of fami-  
10 lies admitted to dwelling units owned, operated,  
11 or assisted by the authority;

12           (D) any standards and requirements for oc-  
13 cupancy of public housing dwelling units and  
14 units assisted under title III, including condi-  
15 tions for continued occupancy, termination of  
16 tenancy, eviction, and termination of housing as-  
17 sistance under section 321(g);

18           (E) the criteria under subsections (d) and  
19 (f) of section 321 for providing and denying  
20 housing assistance under title III to families  
21 moving into the jurisdiction of the authority;

22           (F) the fair housing policy of the authority;  
23 and

24           (G) the procedures for outreach efforts (in-  
25 cluding efforts that are planned and that have

1           *been executed) to homeless families and to enti-*  
 2           *ties providing assistance to homeless families, in*  
 3           *the jurisdiction of the authority.*

4           (3) *RENT DETERMINATION.*—*A statement of the*  
 5           *policies of the authority governing rents charged for*  
 6           *public housing dwelling units and rental contribu-*  
 7           *tions of assisted families under title III, including—*

8                   *(A) the methods by which such rents are de-*  
 9                   *termined under section 225 and such contribu-*  
 10                  *tions are determined under section 322;*

11                  *(B) an analysis of how such methods af-*  
 12                  *fect—*

13                           *(i) the ability of the authority to pro-*  
 14                           *vide housing assistance for families having*  
 15                           *a broad range of incomes;*

16                           *(ii) the affordability of housing for*  
 17                           *families having incomes that do not exceed*  
 18                           *30 percent of the median family income for*  
 19                           *the area; and*

20                           *(iii) the availability of other financial*  
 21                           *resources to the authority.*

22           (4) *QUALITY STANDARDS FOR MAINTENANCE AND*  
 23           *MANAGEMENT.*—*A statement of the standards and*  
 24           *policies of the authority governing maintenance and*  
 25           *management of housing owned and operated by the*

1 *authority, and management of the local housing and*  
2 *management authority, including—*

3 *(A) housing quality standards in effect pur-*  
4 *suant to sections 232 and 328 and any certifi-*  
5 *cations required under such sections;*

6 *(B) routine and preventative maintenance*  
7 *policies for public housing;*

8 *(C) emergency and disaster plans for public*  
9 *housing;*

10 *(D) rent collection and security policies for*  
11 *public housing;*

12 *(E) priorities and improvements for man-*  
13 *agement of public housing; and*

14 *(F) priorities and improvements for man-*  
15 *agement of the authority, including improvement*  
16 *of electronic information systems to facilitate*  
17 *managerial capacity and efficiency.*

18 *(5) GRIEVANCE PROCEDURE.—A statement of the*  
19 *grievance procedures of the authority under section*  
20 *110.*

21 *(6) CAPITAL IMPROVEMENTS.—With respect to*  
22 *public housing developments owned or operated by the*  
23 *authority, a plan describing—*

1           (A) the capital improvements necessary to  
2           ensure long-term physical and social viability of  
3           the developments; and

4           (B) the priorities of the authority for cap-  
5           ital improvements based on analysis of available  
6           financial resources, consultation with residents,  
7           and health and safety considerations.

8           (7) *DEMOLITION AND DISPOSITION.*—With re-  
9           spect to public housing developments owned or oper-  
10          ated by the authority—

11          (A) a description of any such housing to be  
12          demolished or disposed of under subtitle E of  
13          title II;

14          (B) a timetable for such demolition or dis-  
15          position; and

16          (C) any information required under section  
17          261(h) with respect to such demolition or dis-  
18          position.

19          (8) *DESIGNATION OF HOUSING FOR ELDERLY*  
20          *AND DISABLED FAMILIES.*—With respect to public  
21          housing developments owned or operated by the au-  
22          thority, a description of any developments (or por-  
23          tions thereof) that the authority has designated or  
24          will designate for occupancy by elderly and disabled  
25          families in accordance with section 227 and any in-

1     *formation required under section 227(c) for such des-*  
2     *ignated developments.*

3             (9) *CONVERSION OF PUBLIC HOUSING.*—*With re-*  
4     *spect to public housing owned or operated by the au-*  
5     *thority, a description of any building or buildings*  
6     *that the authority is required under section 203(b) to*  
7     *convert to housing assistance under title III, an anal-*  
8     *ysis of such buildings showing that the buildings meet*  
9     *the requirements under such section for such conver-*  
10    *sion, and a statement of the amount of grant amounts*  
11    *under title II to be used for rental assistance under*  
12    *title III.*

13            (10) *HOMEOWNERSHIP ACTIVITIES.*—*A descrip-*  
14    *tion of any homeownership programs of the authority*  
15    *under subtitle D of title II or section 329 for the au-*  
16    *thority and the requirements and assistance available*  
17    *under such programs.*

18            (11) *COORDINATION WITH WELFARE AGEN-*  
19    *CIES.*—*A description of how the authority will coordi-*  
20    *nate with State welfare agencies to ensure that public*  
21    *housing residents and assisted families will be pro-*  
22    *vided with access to resources to assist in obtaining*  
23    *employment and achieving self-sufficiency.*

24            (12) *SAFETY AND CRIME PREVENTION.*—*A de-*  
25    *scription of the requirements established by the au-*

1        *thority that ensure the safety of public housing resi-*  
 2        *dents, facilitate the authority undertaking crime pre-*  
 3        *vention measures (such as community policing, where*  
 4        *appropriate), allow resident input and involvement,*  
 5        *and allow for creative methods to increase public*  
 6        *housing resident safety by coordinating crime preven-*  
 7        *tion efforts between the authority and local law en-*  
 8        *forcement officials.*

9        *(d) 5-YEAR PLAN.—Each local housing management*  
 10       *plan under this section for a local housing and management*  
 11       *authority shall contain, with respect to the 5-year period*  
 12       *beginning with the fiscal year for which the plan is submit-*  
 13       *ted, the following information:*

14                *(1) STATEMENT OF MISSION.—A statement of the*  
 15        *mission of the authority for serving the needs of low-*  
 16        *income families in the jurisdiction of authority dur-*  
 17        *ing such period.*

18                *(2) GOALS AND OBJECTIVES.—A statement of the*  
 19        *goals and objectives of the authority that will enable*  
 20        *the authority to serve the needs identified pursuant to*  
 21        *paragraph (1) during such period.*

22                *(3) CAPITAL IMPROVEMENT OVERVIEW.—If the*  
 23        *authority will provide capital improvements for pub-*  
 24        *lic housing developments during such period, an over-*  
 25        *view of such improvements, the rationale for such im-*

1        *provements, and an analysis of how such improve-*  
2        *ments will enable the authority to meet its goals, ob-*  
3        *jectives, and mission.*

4        *(e) CITIZEN PARTICIPATION.—*

5            *(1) IN GENERAL.—Before submitting a plan*  
6        *under this section or an amendment under section*  
7        *108(f) to a plan, a local housing and management*  
8        *authority shall make the plan or amendment publicly*  
9        *available in a manner that affords affected public*  
10       *housing residents and assisted families under title III,*  
11       *citizens, public agencies, entities providing assistance*  
12       *and services for homeless families, and other inter-*  
13       *ested parties an opportunity, for a period not shorter*  
14       *than 60 days and ending at a time that reasonably*  
15       *provides for compliance with the requirements of*  
16       *paragraph (2), to examine its content and to submit*  
17       *comments to the authority.*

18           *(2) CONSIDERATION OF COMMENTS.—A local*  
19       *housing and management authority shall consider*  
20       *any comments or views provided pursuant to para-*  
21       *graph (1) in preparing a final plan or amendment*  
22       *for submission to the Secretary. A summary of such*  
23       *comments or views shall be attached to the plan,*  
24       *amendment, or report submitted. The submitted plan,*



1       amendment, or report shall be made publicly avail-  
2       able upon submission.

3       (f) *LOCAL REVIEW.*—Before submitting a plan under  
4 this section to the Secretary, the local housing and manage-  
5 ment authority shall submit the plan to any local elected  
6 official or officials responsible for appointing the members  
7 of the board of directors (or other similar governing body)  
8 of the local housing and management authority for review  
9 and approval.

10       (g) *PLANS FOR SMALL LHMA'S AND LHMA'S ADMIN-*  
11 *ISTERING ONLY RENTAL ASSISTANCE.*—The Secretary shall  
12 establish requirements for submission of plans under this  
13 section and the information to be included in such plans  
14 applicable to housing and management authorities that  
15 own or operate less than 250 public housing dwelling units  
16 and shall establish requirements for such submission and  
17 information applicable to authorities that only administer  
18 housing assistance under title III (and do not own or oper-  
19 ate public housing). Such requirements shall waive any re-  
20 quirements under this section that the Secretary determines  
21 are burdensome or unnecessary for such agencies.

22   **SEC. 108. REVIEW OF PLANS.**

23       (a) *REVIEW AND NOTICE.*—

24               (1) *REVIEW.*—The Secretary shall conduct a lim-  
25       ited review of each local housing management plan

1        *submitted to the Secretary to ensure that the plan is*  
2        *complete and complies with the requirements of sec-*  
3        *tion 107. The Secretary shall have the discretion to*  
4        *review a plan only to the extent that the Secretary*  
5        *considers review is necessary.*

6            (2) *NOTICE.—The Secretary shall notify each*  
7        *local housing and management authority submitting*  
8        *a plan whether the plan complies with such require-*  
9        *ments not later than 75 days after receiving the plan.*  
10       *If the Secretary does not notify the local housing and*  
11       *management authority, as required under this sub-*  
12       *section and subsection (b), the plan shall be consid-*  
13       *ered, for purposes of this Act, to have been determined*  
14       *to comply with the requirements under section 107*  
15       *and the authority shall be considered to have been no-*  
16       *tified of compliance upon the expiration of such 75-*  
17       *day period.*

18       (b) *NOTICE OF REASONS FOR DETERMINATION OF*  
19       *NONCOMPLIANCE.—If the Secretary determines that a plan,*  
20       *as submitted, does not comply with the requirements under*  
21       *section 107, the Secretary shall specify in the notice under*  
22       *subsection (a) the reasons for the noncompliance and any*  
23       *modifications necessary for the plan to meet the require-*  
24       *ments under section 107.*

1       (c) *STANDARDS FOR DETERMINATION OF NONCOMPLI-*  
 2 *ANCE.—The Secretary may determine that a plan does not*  
 3 *comply with the requirements under section 107 only if—*

4           (1) *the plan is incomplete in significant matters*  
 5 *required under such section;*

6           (2) *there is evidence available to the Secretary*  
 7 *that challenges, in a substantial manner, any infor-*  
 8 *mation provided in the plan; or*

9           (3) *the Secretary determines that the plan vio-*  
 10 *lates the purposes of this Act because it fails to pro-*  
 11 *vide housing that will be viable on a long-term basis*  
 12 *at a reasonable cost.*

13       (d) *TREATMENT OF EXISTING PLANS.—Notwithstand-*  
 14 *ing any other provision of this title, a local housing and*  
 15 *management authority shall be considered to have submit-*  
 16 *ted a plan under this section if the authority has submitted*  
 17 *to the Secretary a comprehensive plan under section 14(e)*  
 18 *of the United States Housing Act of 1937 (as in effect im-*  
 19 *mediately before the enactment of this Act) or under the*  
 20 *comprehensive improvement assistance program under such*  
 21 *section 14, and the Secretary has approved such plan, before*  
 22 *January 1, 1994. The Secretary shall provide specific pro-*  
 23 *cedures and requirements for such authorities to amend*  
 24 *such plans by submitting only such additional information*

1 *as is necessary to comply with the requirements of section*  
2 *107.*

3 *(e) ACTIONS TO CHANGE PLAN.—A local housing and*  
4 *management authority that has submitted a plan under sec-*  
5 *tion 107 may change actions or policies described in the*  
6 *plan before submission and review of the plan of the author-*  
7 *ity for the next fiscal year only if—*

8 *(1) in the case of costly or nonroutine changes,*  
9 *the authority submits to the Secretary an amendment*  
10 *to the plan under subsection (f) which is reviewed in*  
11 *accordance with such subsection; or*

12 *(2) in the case of inexpensive or routine changes,*  
13 *the authority describes such changes in such local*  
14 *housing management plan for the next fiscal year.*

15 *(f) AMENDMENTS TO PLAN.—*

16 *(1) IN GENERAL.—During the annual or 5-year*  
17 *period covered by the plan for a local housing and*  
18 *management authority, the authority may submit to*  
19 *the Secretary any amendments to the plan.*

20 *(2) REVIEW.—The Secretary shall conduct a lim-*  
21 *ited review of each proposed amendment submitted*  
22 *under this subsection to determine whether the plan,*  
23 *as amended by the amendment, complies with the re-*  
24 *quirements of section 107 and notify each local hous-*  
25 *ing and management authority submitting the*

1        *amendment whether the plan, as amended, complies*  
2        *with such requirements not later than 30 days after*  
3        *receiving the amendment. If the Secretary determines*  
4        *that a plan, as amended, does not comply with the re-*  
5        *quirements under section 107, such notice shall indi-*  
6        *cate the reasons for the noncompliance and any modi-*  
7        *fications necessary for the plan to meet the require-*  
8        *ments under section 107. If the Secretary does not no-*  
9        *tify the local housing and management authority as*  
10       *required under this paragraph, the plan, as amended,*  
11       *shall be considered, for purposes of this section, to*  
12       *comply with the requirements under section 107.*

13            *(3) STANDARDS FOR DETERMINATION OF NON-*  
14        *COMPLIANCE.—The Secretary may determine that a*  
15        *plan, as amended by a proposed amendment, does not*  
16        *comply with the requirements under section 107 only*  
17        *if—*

18                    *(A) the plan, as amended, would be subject*  
19                    *to a determination of noncompliance in accord-*  
20                    *ance with the provisions of subsection (c); or*

21                    *(B) the Secretary determines that—*

22                            *(i) the proposed amendment is plainly*  
23                            *inconsistent with the activities specified in*  
24                            *the plan;*

1                   (ii) there is evidence that challenges, in  
 2                   a substantial manner, any information con-  
 3                   tained in the amendment; or

4                   (3) the Secretary determines that the plan, as  
 5                   amended, violates the purposes of this Act because it  
 6                   fails to provide housing that will be viable on a long-  
 7                   term basis at a reasonable cost.

8                   (4) AMENDMENTS TO EXTEND TIME OF PER-  
 9                   FORMANCE.—Notwithstanding any other provision of  
 10                  this subsection, the Secretary may not determine that  
 11                  any amendment to the plan of a local housing and  
 12                  management authority that extends the time for per-  
 13                  formance of activities assisted with amounts provided  
 14                  under this title fails to comply with the requirements  
 15                  under section 107 if the Secretary has not provided  
 16                  the amount of assistance set forth in the plan or has  
 17                  not provided the assistance in a timely manner.

18 **SEC. 109. PET OWNERSHIP.**

19                  A resident of a public housing dwelling unit or an as-  
 20                  sisted dwelling unit (as such term is defined in section 371)  
 21                  may own common household pets or have common household  
 22                  pets present in the dwelling unit of such resident to the ex-  
 23                  tent allowed by the local housing and management author-  
 24                  ity or the owner of the assisted dwelling unit, respectively.  
 25                  Notwithstanding the preceding sentence, pet ownership in

1 *housing assisted under this Act that is federally assisted*  
 2 *rental housing for the elderly or handicapped (as such term*  
 3 *is defined in section 227 of the Housing and Urban-Rural*  
 4 *Recovery Act of 1983) shall be governed by the provisions*  
 5 *of section 227 of such Act.*

6 ***SEC. 110. ADMINISTRATIVE GRIEVANCE PROCEDURE.***

7 *(a) REQUIREMENTS.—Each local housing and man-*  
 8 *agement authority receiving assistance under this Act shall*  
 9 *establish and implement an administrative grievance proce-*  
 10 *dure under which residents of public housing and assisted*  
 11 *families under title III will—*

12 *(1) be advised of the specific grounds of any pro-*  
 13 *posed adverse local housing and management author-*  
 14 *ity action;*

15 *(2) have an opportunity for a hearing before an*  
 16 *impartial party upon timely request within a reason-*  
 17 *able period of time;*

18 *(3) have an opportunity to examine any docu-*  
 19 *ments or records or regulations related to the pro-*  
 20 *posed action;*

21 *(4) be entitled to be represented by another per-*  
 22 *son of their choice at any hearing;*

23 *(5) be entitled to ask questions of witnesses and*  
 24 *have others make statements on their behalf; and*

1           (6) *be entitled to receive a written decision by*  
 2           *the local housing and management authority on the*  
 3           *proposed action.*

4           (b) *EXCLUSION FROM ADMINISTRATIVE PROCEDURE*  
 5           *OF GRIEVANCES CONCERNING EVICTIONS FROM PUBLIC*  
 6           *HOUSING.—A local housing and management authority*  
 7           *shall exclude from its procedure established under subsection*  
 8           *(a) any grievance concerning an eviction from or termi-*  
 9           *nation of tenancy in public housing in any State which*  
 10           *requires that, prior to eviction, a resident be provided a*  
 11           *hearing in court which the Secretary determines provides*  
 12           *the basic elements of due process.*

13           (c) *COSTS OF GRIEVANCE PROCEDURE.—The costs of*  
 14           *administering a grievance procedure under this section (in-*  
 15           *cluding costs of retaining counsel) shall be considered oper-*  
 16           *ating activities of a local housing and management author-*  
 17           *ity.*

18           **SEC. 111. HEADQUARTERS RESERVE FUND.**

19           (a) *ANNUAL RESERVATION OF AMOUNTS.—Notwith-*  
 20           *standing any other provision of law, the Secretary may re-*  
 21           *tain not more than 3 percent of the amounts appropriated*  
 22           *to carry out title II for any fiscal year to provide incremen-*  
 23           *tal housing assistance under title III in accordance with*  
 24           *this section.*



1       (b) *USE OF AMOUNTS.*—Any amounts that are re-  
 2       tained under subsection (a) shall be available for subsequent  
 3       allocation to specific areas and communities, and may only  
 4       be used for the Department of Housing and Urban Develop-  
 5       ment and—

6               (1) *unforeseen housing needs resulting from nat-*  
 7       *ural and other disasters;*

8               (2) *housing needs resulting from emergencies, as*  
 9       *certified by the Secretary, other than such disasters;*

10              (3) *housing needs related to a settlement of liti-*  
 11       *gation, including settlement of fair housing litigation;*  
 12       *and*

13              (4) *providing technical assistance, training, and*  
 14       *electronic information systems for the Department of*  
 15       *Housing and Urban Development and local housing*  
 16       *and management authorities to improve management*  
 17       *of such authorities.*

18   **SEC. 112. LABOR STANDARDS.**

19       (a) *IN GENERAL.*—Any contract for grants, sale, or  
 20       lease pursuant to this Act relating to public housing shall  
 21       contain the following provisions:

22              (1) *OPERATION.*—A provision requiring that not  
 23       less than the wages prevailing in the locality, as de-  
 24       termined or adopted (subsequent to a determination  
 25       under applicable State or local law) by the Secretary,

1       *shall be paid to all contractors and persons employed*  
 2       *in the operation of the low-income housing develop-*  
 3       *ment involved.*

4           (2) *PRODUCTION.*—*A provision that not less*  
 5       *than the wages prevailing in the locality, as predeter-*  
 6       *mined by the Secretary of Labor pursuant to the*  
 7       *Davis-Bacon Act (40 U.S.C. 276a–276a–5), shall be*  
 8       *paid to all laborers and mechanics employed in the*  
 9       *production of the development involved.*  
 10       *The Secretary shall require certification as to compliance*  
 11       *with the provisions of this section before making any pay-*  
 12       *ment under such contract.*

13       (b) *EXCEPTIONS.*—*Subsection (a) and the provisions*  
 14       *relating to wages (pursuant to subsection (a)) in any con-*  
 15       *tract for grants, sale, or lease pursuant to this Act relating*  
 16       *to public housing, shall not apply to any of the following*  
 17       *individuals:*

18           (1) *VOLUNTEERS.*—*Any individual who—*  
 19               (A) *performs services for which the individ-*  
 20               *ual volunteered;*  
 21               (B)(i) *does not receive compensation for*  
 22               *such services; or*  
 23               (ii) *is paid expenses, reasonable benefits, or*  
 24               *a nominal fee for such services; and*

1                   (C) is not otherwise employed at any time  
2                   in the construction work.

3                   (2) *RESIDENTS EMPLOYED BY LHMA.*—Any resi-  
4                   dent of a public housing development who is an em-  
5                   ployee of the local housing and management authority  
6                   for the development and performs services in connec-  
7                   tion with the operation or production of a low-income  
8                   housing project owned or managed by such authority.

9   **SEC. 113. NONDISCRIMINATION.**

10           (a) *IN GENERAL.*—No person in the United States  
11           shall on the grounds of race, color, national origin, religion,  
12           or sex be excluded from participation in, be denied the bene-  
13           fits of, or be subjected to discrimination under any program  
14           or activity funded in whole or in part with amounts made  
15           available under this Act. Any prohibition against discrimi-  
16           nation on the basis of age under the Age Discrimination  
17           Act of 1975 or with respect to an otherwise qualified handi-  
18           capped individual as provided in section 504 of the Reha-  
19           bilitation Act of 1973 shall also apply to any such program  
20           or activity.

21           (b) *CIVIL RIGHTS COMPLIANCE.*—Each local housing  
22           and management authority that receives grant amounts  
23           under this Act shall use such amounts and carry out its  
24           local housing management plan approved under section 108  
25           in conformity with title VI of the Civil Rights Act of 1964,

1 *the Fair Housing Act, section 504 of the Rehabilitation Act*  
 2 *of 1973, the Age Discrimination Act of 1975, and the Amer-*  
 3 *icans With Disabilities Act of 1990, and shall affirmatively*  
 4 *further fair housing.*

5 **SEC. 114. EFFECTIVE DATE AND REGULATIONS.**

6 (a) *EFFECTIVE DATE.*—*The provisions of this Act and*  
 7 *the amendments made by this Act shall take effect and shall*  
 8 *apply on the date of the enactment of this Act, unless such*  
 9 *provisions or amendments specifically provide for effective-*  
 10 *ness or applicability on another date certain.*

11 (b) *REGULATIONS.*—*The Secretary may issue any reg-*  
 12 *ulations necessary to carry out this Act.*

13 (c) *RULE OF CONSTRUCTION.*—*Any failure by the Sec-*  
 14 *retary to issue any regulations authorized under subsection*  
 15 *(b) shall not affect the effectiveness of any provision of this*  
 16 *Act or any amendment made by this Act.*

17 **TITLE II—PUBLIC HOUSING**

18 **Subtitle A—Block Grants**

19 **SEC. 201. BLOCK GRANT CONTRACTS.**

20 (a) *IN GENERAL.*—*The Secretary shall enter into con-*  
 21 *tracts with local housing and management authorities*  
 22 *under which—*

23 (1) *the Secretary agrees to make a block grant*  
 24 *under this title, in the amount provided under section*  
 25 *202(c), for assistance for low-income housing to the*

1        *local housing and management authority for each fis-*  
2        *cal year covered by the contract; and*

3            *(2) the authority agrees—*

4                    *(A) to provide safe, clean, and healthy hous-*  
5                    *ing that is affordable to low-income families and*  
6                    *services for families in such housing;*

7                    *(B) to operate, or provide for the operation,*  
8                    *of such housing in a financially sound manner;*

9                    *(C) to use the block grant amounts in ac-*  
10                   *cordance with this title and the local housing*  
11                   *management plan for the authority that complies*  
12                   *with the requirements of section 107;*

13                   *(D) to involve residents of housing assisted*  
14                   *with block grant amounts in functions and deci-*  
15                   *sions relating to management and the quality of*  
16                   *life in such housing;*

17                   *(E) that the management of the public hous-*  
18                   *ing of the authority shall be subject to actions*  
19                   *authorized under subtitle B of title IV;*

20                   *(F) that the Secretary may take actions*  
21                   *under section 205 with respect to improper use*  
22                   *of grant amounts provided under the contract;*  
23                   *and*

24                   *(G) to otherwise comply with the require-*  
25                   *ments under this title.*

1       (b) *MODIFICATION.*—*Contracts and agreements be-*  
 2 *tween the Secretary and a local housing and management*  
 3 *authority may not be amended in a manner which would—*

4           (1) *impair the rights of—*

5               (A) *leaseholders for units assisted pursuant*  
 6 *to a contract or agreement; or*

7               (B) *the holders of any outstanding obliga-*  
 8 *tions of the local housing and management au-*  
 9 *thority involved for which annual contributions*  
 10 *have been pledged; or*

11           (2) *provide for payment of block grant amounts*  
 12 *under this title in an amount exceeding the allocation*  
 13 *for the authority determined under section 204.*

14 *Any rule of law contrary to this subsection shall be deemed*  
 15 *inapplicable.*

16       (c) *CONDITIONS ON RENEWAL.*—*Each block grant con-*  
 17 *tract under this section shall provide, as a condition of re-*  
 18 *newal of the contract with the local housing and manage-*  
 19 *ment authority, that the authority's accreditation be re-*  
 20 *newed by the Housing Foundation and Accreditation Board*  
 21 *pursuant to review under section 433 by such Board.*

22 ***SEC. 202. BLOCK GRANT AUTHORITY AND AMOUNT.***

23       (a) *AUTHORITY.*—*The Secretary shall make block*  
 24 *grants under this title to eligible local housing and manage-*

1 *ment authorities in accordance with block grant contracts*  
2 *under section 201.*

3 (b) *ELIGIBILITY.—A local housing and management*  
4 *authority shall be an eligible local housing and manage-*  
5 *ment authority with respect to a fiscal year for purposes*  
6 *of this title only if—*

7 (1) *the Secretary has entered into a block grant*  
8 *contract with the authority;*

9 (2) *the authority has submitted a local housing*  
10 *management plan to the Secretary for such fiscal*  
11 *year;*

12 (3) *the plan has been determined to comply with*  
13 *the requirements under section 107 and the Secretary*  
14 *has not notified the authority that the plan fails to*  
15 *comply with such requirements;*

16 (4) *the authority is accredited under section 433*  
17 *by the Housing Foundation and Accreditation Board;*

18 (5) *the authority is exempt from local taxes, as*  
19 *provided under subsection (d), or receives a contribu-*  
20 *tion, as provided under such subsection;*

21 (6) *no member of the board of directors or other*  
22 *governing body of the authority, or the executive di-*  
23 *rector, has been convicted of a felony;*

1           (7) *the authority has entered into an agreement*  
 2           *providing for local cooperation in accordance with*  
 3           *subsection (e); and*

4           (8) *the authority has not been disqualified for a*  
 5           *grant pursuant to section 205(a) or subtitle B of title*  
 6           *IV.*

7           (c) *AMOUNT OF GRANTS.—The amount of the grant*  
 8           *under this title for a local housing and management author-*  
 9           *ity for a fiscal year shall be the amount of the allocation*  
 10          *for the authority determined under section 204, except as*  
 11          *otherwise provided in this title and subtitle B of title IV.*

12          (d) *PAYMENTS IN LIEU OF STATE AND LOCAL TAX-*  
 13          *ATION OF PUBLIC HOUSING DEVELOPMENTS.—*

14               (1) *EXEMPTION FROM TAXATION.—A local hous-*  
 15               *ing and management authority may receive a block*  
 16               *grant under this title only if—*

17                       (A)(i) *the developments of the authority (ex-*  
 18                       *clusive of any portions not assisted with*  
 19                       *amounts provided under this title) are exempt*  
 20                       *from all real and personal property taxes levied*  
 21                       *or imposed by the State, city, county, or other*  
 22                       *political subdivision; and*

23                       (ii) *the local housing and management au-*  
 24                       *thority makes payments in lieu of taxes to such*  
 25                       *taxing authority equal to 10 percent of the sum,*



1       *for units charged in the developments of the au-*  
2       *thority, of the difference between the gross rent*  
3       *and the utility cost, or such lesser amount as*  
4       *is—*

5               *(I) prescribed by State law;*

6               *(II) agreed to by the local governing*  
7       *body in its agreement under subsection (e)*  
8       *for local cooperation with the local housing*  
9       *and management authority or under a*  
10       *waiver by the local governing body; or*

11              *(III) due to failure of a local public*  
12       *body or bodies other than the local housing*  
13       *and management authority to perform any*  
14       *obligation under such agreement; or*

15              *(B) the authority complies with the require-*  
16       *ments under subparagraph (A) with respect to*  
17       *public housing developments (including public*  
18       *housing units in mixed-income developments),*  
19       *but the authority agrees that the units other than*  
20       *public housing units in any mixed-income devel-*  
21       *opments (as such term is defined in section*  
22       *221(c)(2)) shall not be subject to any otherwise*  
23       *applicable real property taxes imposed by the*  
24       *State, city, county or other political subdivision.*

1           (2) *EFFECT OF FAILURE TO EXEMPT FROM TAX-*  
2           *ATION.*—Notwithstanding paragraph (1), a local  
3           housing and management authority that does not  
4           comply with the requirements under such paragraph  
5           may receive a block grant under this title, but only  
6           if the State, city, county, or other political subdivi-  
7           sion in which the development is situated contributes,  
8           in the form of cash or tax remission, the amount by  
9           which the taxes paid with respect to the development  
10          exceed 10 percent of the gross rent and utility cost  
11          charged in the development.

12          (e) *LOCAL COOPERATION.*—In recognition that there  
13          should be local determination of the need for low-income  
14          housing to meet needs not being adequately met by private  
15          enterprise, the Secretary may not make any grant under  
16          this title to a local housing and management authority un-  
17          less the governing body of the locality involved has entered  
18          into an agreement with the authority providing for the local  
19          cooperation required by the Secretary pursuant to this title.

20          (f) *EXCEPTION.*—Notwithstanding subsection (a), the  
21          Secretary may make a grant under this title for a local  
22          housing and management authority that is not an eligible  
23          local housing and management authority but only for the  
24          period necessary to secure, in accordance with this title, an

1 *alternative local housing and management authority for the*  
2 *public housing of the ineligible authority.*

3 ***SEC. 203. ELIGIBLE AND REQUIRED ACTIVITIES.***

4 *(a) ELIGIBLE ACTIVITIES.—Except as provided in*  
5 *subsection (b), amounts from a grant made under this title*  
6 *may be used only for the following activities and costs:*

7 *(1) PRODUCTION.—Production of public housing*  
8 *developments and any production costs.*

9 *(2) OPERATION.—Operation of public housing*  
10 *developments in a manner appropriate to ensure the*  
11 *viability of the developments as low-income housing*  
12 *and provision of safety, security, and law enforcement*  
13 *measures and activities necessary to protect residents*  
14 *from crime, which shall include providing adequate*  
15 *operating services and reserve funds.*

16 *(3) MODERNIZATION.—Improvement of the phys-*  
17 *ical condition of existing public housing developments*  
18 *(including routine and timely improvements, reha-*  
19 *bilitation, and replacement of systems, and major re-*  
20 *habilitation, redesign, reconstruction, and redevelop-*  
21 *ment) and upgrading the management and operation*  
22 *of such developments, to ensure that such develop-*  
23 *ments continue to be available for use as low-income*  
24 *housing.*

1           (4) *RESIDENT PROGRAMS.*—*Provision of social,*  
2           *educational, employment, self-sufficiency, and other*  
3           *services to the residents of public housing develop-*  
4           *ments, including providing part of the non-Federal*  
5           *share required in connection with activities under-*  
6           *taken under Federal grant-in-aid programs.*

7           (5) *HOMEOWNERSHIP ACTIVITIES.*—*Activities in*  
8           *connection with a homeownership program for public*  
9           *housing residents under subtitle D, including provid-*  
10          *ing financing or assistance for purchasing housing, or*  
11          *the provision of financial assistance to resident man-*  
12          *agement corporations or resident councils to obtain*  
13          *training, technical assistance, and educational assist-*  
14          *ance to promote homeownership opportunities.*

15          (6) *RESIDENT MANAGEMENT ACTIVITIES.*—*Ac-*  
16          *tivities in connection with establishing, organizing,*  
17          *training, and assisting resident councils and resident*  
18          *management corporations for public housing develop-*  
19          *ments.*

20          (7) *DEMOLITION AND DISPOSITION ACTIVITIES.*—  
21          *Activities in connection with the disposition or demo-*  
22          *lition of public housing under section 261.*

23          (8) *PAYMENTS IN LIEU OF TAXES.*—*Payments in*  
24          *accordance with the requirement under section*  
25          *202(d)(1).*

1           (9) *EMERGENCY CORRECTIONS.*—*Correction of*  
2           *conditions that constitute an immediate threat to the*  
3           *health or safety of residents of public housing develop-*  
4           *ments, without regard to whether the need for such*  
5           *correction is indicated in the local housing manage-*  
6           *ment plan of the authority.*

7           (10) *PREPARATION OF LOCAL HOUSING MANAGE-*  
8           *MENT PLANS.*—*Preparation of local housing manage-*  
9           *ment plans (including reasonable costs that may be*  
10          *necessary to assist residents in participating in the*  
11          *planning process in a meaningful way) and conduct-*  
12          *ing annual financial and performance audits under*  
13          *section 432.*

14          (11) *LHMA INSURANCE.*—*Purchase of insurance*  
15          *by local housing and management authorities (and*  
16          *their contractors), except that—*

17                (A) *any such insurance so purchased shall*  
18                *be competitively selected;*

19                (B) *any coverage provided under such poli-*  
20                *cies, as certified by the authority, shall provide*  
21                *reasonable coverage for the risk of liability expo-*  
22                *sure, taking into consideration the potential li-*  
23                *ability concerns inherent in the testing and*  
24                *abatement of lead-based paint, and the manage-*

1            *rial and quality assurance responsibilities asso-*  
 2            *ciated with the conduct of such activities; and*

3            *(C) notwithstanding any other provision of*  
 4            *State or Federal law, regulation or other require-*  
 5            *ment, any line of insurance from a nonprofit in-*  
 6            *surance entity, owned and controlled by local*  
 7            *housing and management authorities and ap-*  
 8            *proved by the Secretary, may be purchased with-*  
 9            *out regard to competitive procurement.*

10           *(12) PAYMENT OF OUTSTANDING DEVELOPMENT*  
 11           *BONDS AND NOTES ISSUED UNDER 1937 ACT.—Pay-*  
 12           *ment of principal and interest payable on obligations*  
 13           *issued pursuant to section 5 of the United States*  
 14           *Housing Act of 1937 (as in effect before the date of*  
 15           *the enactment of this Act) by a local housing and*  
 16           *management authority to finance the production of*  
 17           *public housing, except that the Secretary shall retain*  
 18           *the authority to forgive such debt.*

19           *(13) MUTUAL HELP HOMEOWNERSHIP OPPOR-*  
 20           *TUNITY PROGRAMS FOR INDIAN HOUSING AUTHORI-*  
 21           *TIES.—In the case of an Indian housing authority,*  
 22           *production, operation, and modernization of develop-*  
 23           *ments under a mutual help homeownership program*  
 24           *subject to the requirements under section 202 of the*  
 25           *United States Housing Act of 1937 (as in effect im-*

1        *mediately before the enactment of this Act), except*  
 2        *that any reference in such section to assistance under*  
 3        *such section or such Act shall be construed to refer to*  
 4        *assistance under this title and subsection (b) of such*  
 5        *section shall not apply.*

6        *(b) REQUIRED CONVERSION OF ASSISTANCE FOR PUB-*  
 7        *LIC HOUSING TO RENTAL HOUSING ASSISTANCE.—*

8                *(1) REQUIREMENT.—A local housing and man-*  
 9        *agement authority that receives grant amounts under*  
 10        *this title shall provide assistance in the form of rental*  
 11        *housing assistance under title III or appropriate site*  
 12        *revitalization or other appropriate capital improve-*  
 13        *ments approved by the Secretary, in lieu of assisting*  
 14        *the operation and modernization of any building or*  
 15        *buildings of public housing, if the authority provides*  
 16        *sufficient evidence to the Secretary that—*

17                *(A) the building is distressed or substan-*  
 18        *tially vacant;*

19                *(B) the estimated cost of continued oper-*  
 20        *ation and modernization of the building exceeds*  
 21        *the cost of providing choice-based rental assist-*  
 22        *ance under title III; and*

23                *(C) there is a sufficient supply of available*  
 24        *and affordable housing to make the use of such*  
 25        *voucher assistance feasible.*

1           (2) *USE OF OTHER AMOUNTS.*—*In addition to*  
2           *grant amounts under this title attributable (pursuant*  
3           *to the formula under section 204) to the building or*  
4           *buildings identified under paragraph (1), the Sec-*  
5           *retary may use amounts provided in appropriation*  
6           *Acts for incremental choice-based housing assistance*  
7           *and, to the extent approved in advance, for the re-*  
8           *newal of assistance under section 8 of the United*  
9           *States Housing Act of 1937 (as in effect before the*  
10           *date of enactment of this Act), for assistance under*  
11           *title III for families residing in such building or*  
12           *buildings or for appropriate site revitalization or*  
13           *other appropriate capital improvements approved by*  
14           *the Secretary.*

15           (3) *ENFORCEMENT.*—*The Secretary shall take*  
16           *appropriate action to ensure conversion of any build-*  
17           *ing or buildings identified under paragraph (1) and*  
18           *any other appropriate action under this subsection, if*  
19           *the local housing and management authority fails to*  
20           *take appropriate action under this subsection.*

21           (4) *FAILURE OF LHMA’S TO COMPLY WITH CON-*  
22           *VERSION REQUIREMENT.*—*If the Secretary determines*  
23           *that—*



1           (A) a local housing and management au-  
2           thority has failed under paragraph (1) to iden-  
3           tify a building or buildings in a timely manner,

4           (B) a local housing and management au-  
5           thority has failed to identify one or more build-  
6           ings which the Secretary determines should have  
7           been identified under paragraph (1), or

8           (C) one or more of the buildings identified  
9           by the local housing and management authority  
10          pursuant to paragraph (1) should not, in the de-  
11          termination of the Secretary, have been identi-  
12          fied under that paragraph,  
13          the Secretary may identify a building or buildings for  
14          conversion and other appropriate action pursuant to  
15          this subsection.

16          (5) CESSATION OF UNNECESSARY SPENDING.—  
17          Notwithstanding any other provision of law, if, in the  
18          determination of the Secretary, a building or build-  
19          ings meets or is likely to meet the criteria set forth  
20          in paragraph (1), the Secretary may direct the local  
21          housing and management authority to cease addi-  
22          tional spending in connection with such building or  
23          buildings, except to the extent that additional spend-  
24          ing is necessary to ensure safe, clean, and healthy  
25          housing until the Secretary determines or approves

1        *an appropriate course of action with respect to such*  
2        *building or buildings under this subsection.*

3            (6) *USE OF BUDGET AUTHORITY.*—*Notwith-*  
4        *standing any other provision of law, if a building or*  
5        *buildings are identified pursuant to paragraph (1),*  
6        *the Secretary may authorize or direct the transfer, to*  
7        *the choice-based or tenant-based assistance program of*  
8        *such authority or to appropriate site revitalization or*  
9        *other capital improvements approved by the Sec-*  
10       *retary, of—*

11            (A) *in the case of an authority receiving as-*  
12        *sistance under the comprehensive improvement*  
13        *assistance program, any amounts obligated by*  
14        *the Secretary for the modernization of such*  
15        *building or buildings pursuant to section 14 of*  
16        *the United States Housing Act of 1937, as in ef-*  
17        *fect immediately before the date of enactment of*  
18        *this Act;*

19            (B) *in the case of an authority receiving*  
20        *public and Indian housing modernization assist-*  
21        *ance by formula pursuant to such section 14,*  
22        *any amounts provided to the authority which*  
23        *are attributable pursuant to the formula for allo-*  
24        *cating such assistance to such building or build-*  
25        *ings;*

1           (C) *in the case of an authority receiving as-*  
2           *sistance for the major reconstruction of obsolete*  
3           *projects, any amounts obligated by the Secretary*  
4           *for the major reconstruction of such building or*  
5           *buildings pursuant to section 5(j)(2) of the Unit-*  
6           *ed States Housing Act of 1937, as in effect im-*  
7           *mediately before the date of enactment of this*  
8           *Act; and*

9           (D) *in the case of an authority receiving as-*  
10          *sistance pursuant to the formula under section*  
11          *204, any amounts provided to the authority*  
12          *which are attributable pursuant to the formula*  
13          *for allocating such assistance to such building or*  
14          *buildings.*

15       (c) *FUNGIBILITY OF AMOUNTS.—Any amounts pro-*  
16       *vided under a block grant under this title may be used for*  
17       *any eligible activity under subsection (a) or for conversion*  
18       *under subsection (b), notwithstanding whether such*  
19       *amounts are attributable to the operating allocation under*  
20       *section 204(d)(1) or the capital improvements allocation for*  
21       *the local housing and management authority determined*  
22       *under section 204(d)(2).*

23       (d) *COMPLIANCE WITH PLAN.—The local housing*  
24       *management plan submitted by a local housing and man-*  
25       *agement authority (including any amendments to the*

1 plan), unless determined under section 108 not to comply  
 2 with the requirements under section 107, shall be binding  
 3 upon the Secretary and the local housing and management  
 4 authority and the authority shall use any grant amounts  
 5 provided under this title for eligible activities under sub-  
 6 section (a) in accordance with the plan. This subsection  
 7 may not be construed to preclude changes or amendments  
 8 to the plan, as authorized under section 108(e) or any ac-  
 9 tions authorized by this Act to be taken without regard to  
 10 a local housing management plan.

11 **SEC. 204. DETERMINATION OF BLOCK GRANT ALLOCATION.**

12 (a) *IN GENERAL.*—For each fiscal year, after reserving  
 13 amounts under section 111 from the aggregate amount  
 14 made available for the fiscal year for carrying out this title,  
 15 the Secretary shall allocate any remaining amounts among  
 16 eligible local housing and management authorities in ac-  
 17 cordance with this section, so that the sum of all of the allo-  
 18 cations for all eligible authorities is equal to such remain-  
 19 ing amount.

20 (b) *ALLOCATION AMOUNT.*—The Secretary shall deter-  
 21 mine the amount of the allocation for each eligible local  
 22 housing and management authority, which shall be—

23 (1) for any fiscal year beginning after the enact-  
 24 ment of a law containing a formula described in sub-

1        *section (c), the amount determined under such for-*  
 2        *mula; or*

3                *(2) for any fiscal year beginning before the expi-*  
 4        *ration of such period, the sum of—*

5                        *(A) the operating allocation determined*  
 6                        *under subsection (d)(1) for the authority; and*

7                        *(B) the capital improvement allocation de-*  
 8                        *termined under subsection (d)(2) for the author-*  
 9                        *ity.*

10        *(c) PERMANENT ALLOCATION FORMULA.—*

11                *(1) FORMULA.—A formula under this subsection*  
 12        *shall provide for allocating amounts available for a*  
 13        *fiscal year for block grants under this title for each*  
 14        *local housing and management authority. The for-*  
 15        *mula should reward performance and may consider*  
 16        *factors that reflect the different characteristics and*  
 17        *sizes of local housing and management authorities,*  
 18        *the relative needs, revenues, costs, and capital im-*  
 19        *provements of authorities, and the relative costs to au-*  
 20        *thorities of operating a well-managed authority that*  
 21        *meets the performance targets for the authority estab-*  
 22        *lished in the local housing management plan for the*  
 23        *authority.*

24                *(2) DEVELOPMENT UNDER NEGOTIATED RULE-*  
 25        *MAKING PROCEDURE.—The formula under this sub-*

1        *section shall be developed according to procedures for*  
2        *issuance of regulations under the negotiated rule-*  
3        *making procedure under subchapter III of chapter 5*  
4        *of title 5, United States Code, except that the formula*  
5        *shall not be contained in a regulation.*

6            (3) *REPORT.—Not later than the expiration of*  
7        *the 18-month period beginning upon the enactment of*  
8        *this Act, the Secretary shall submit a report to the*  
9        *Congress containing the proposed formula established*  
10       *pursuant to paragraph (2) that meets the require-*  
11       *ments of this subsection.*

12       (d) *INTERIM ALLOCATION REQUIREMENTS.—*

13            (1) *OPERATING ALLOCATION.—*

14            (A) *APPLICABILITY TO 50 PERCENT OF AP-*  
15        *PROPRIATED AMOUNTS.—Of any amounts avail-*  
16        *able for allocation under this subsection for a fis-*  
17        *cal year, 50 percent shall be used only to provide*  
18        *amounts for operating allocations under this*  
19        *paragraph for eligible local housing and manage-*  
20        *ment authorities.*

21            (B) *DETERMINATION.—The operating allo-*  
22        *cation under this subsection for a local housing*  
23        *and management authority for a fiscal year*  
24        *shall be an amount determined by applying, to*  
25        *the amount to be allocated under this paragraph,*

1        *the formula used for determining the distribution*  
2        *of operating subsidies for fiscal year 1995 to*  
3        *public housing agencies (as modified under sub-*  
4        *paragraph (C)) under section 9 of this Act, as in*  
5        *effect before the enactment of this Act.*

6                (C) *TREATMENT OF CHRONICALLY VACANT*  
7        *UNITS.—The Secretary shall revise the formula*  
8        *referred to in subparagraph (B) so that the for-*  
9        *mula does not provide any amounts, other than*  
10       *utility costs, attributable to any dwelling unit of*  
11       *a local housing and management authority that*  
12       *has been vacant continuously for 6 or more*  
13       *months. A unit shall not be considered vacant for*  
14       *purposes of this paragraph if the unit is unoccu-*  
15       *pied because of rehabilitation or renovation that*  
16       *is on-schedule.*

17                (2) *CAPITAL IMPROVEMENT ALLOCATION.—*

18                (A) *APPLICABILITY TO 50 PERCENT OF AP-*  
19        *PROPRIATED AMOUNTS.—Of any amounts avail-*  
20        *able for allocation under this subsection for a fis-*  
21        *cal year, 50 percent shall be used only to provide*  
22        *amounts for capital improvement allocations*  
23        *under this paragraph for eligible local housing*  
24        *and management authorities.*

1           (B) *DETERMINATION.*—*The capital im-*  
2           *provement allocation under this subsection for*  
3           *an eligible local housing and management au-*  
4           *thority for a fiscal year shall be determined by*  
5           *applying, to the amount to be allocated under*  
6           *this paragraph, the formula used for determining*  
7           *the distribution of modernization assistance for*  
8           *fiscal year 1995 to public housing agencies under*  
9           *section 14 of this Act, as in effect before the en-*  
10          *actment of this Act, except that Secretary shall*  
11          *establish a method for taking into consideration*  
12          *allocation of amounts under the comprehensive*  
13          *improvement assistance program.*

14   **SEC. 205. SANCTIONS FOR IMPROPER USE OF AMOUNTS.**

15          (a) *IN GENERAL.*—*In addition to any other actions*  
16          *authorized under this title, if the Secretary finds pursuant*  
17          *to an annual financial and performance audit under sec-*  
18          *tion 432 that a local housing and management authority*  
19          *receiving grant amounts under this title has failed to com-*  
20          *ply substantially with any provision of this title, the Sec-*  
21          *retary may—*

22                  (1) *terminate payments under this title to the*  
23          *authority;*



1           (2) *withhold from the authority amounts from*  
2           *the total allocation for the authority pursuant to sec-*  
3           *tion 204;*

4           (3) *reduce the amount of future grant payments*  
5           *under this title to the authority by an amount equal*  
6           *to the amount of such payments that were not ex-*  
7           *pended in accordance with this title;*

8           (4) *limit the availability of grant amounts pro-*  
9           *vided to the authority under this title to programs,*  
10          *projects, or activities not affected by such failure to*  
11          *comply;*

12          (5) *withhold from the authority amounts allo-*  
13          *cated for the authority under title III; or*

14          (6) *order other corrective action with respect to*  
15          *the authority.*

16          (b) *TERMINATION OF COMPLIANCE ACTION.—If the*  
17          *Secretary takes action under subsection (a) with respect to*  
18          *a local housing and management authority, the Secretary*  
19          *shall—*

20               (1) *in the case of action under subsection (a)(1),*  
21               *resume payments of grant amounts under this title to*  
22               *the authority in the full amount of the total allocation*  
23               *under section 204 for the authority at the time that*  
24               *the Secretary first determines that the authority will*  
25               *comply with the provisions of this title;*

1           (2) *in the case of action under paragraph (2),*  
 2           (5), or (6) of subsection (a), make withheld amounts  
 3           available as the Secretary considers appropriate to  
 4           ensure that the authority complies with the provisions  
 5           of this title; or

6           (3) *in the case of action under subsection (a)(4),*  
 7           release such restrictions at the time that the Secretary  
 8           first determines that the authority will comply with  
 9           the provisions of this title.

## 10           ***Subtitle B—Admissions and*** 11           ***Occupancy Requirements***

### 12   ***SEC. 221. LOW-INCOME HOUSING REQUIREMENT.***

13           (a) *PRODUCTION ASSISTANCE.*—Any public housing  
 14           produced using amounts provided under a grant under this  
 15           title or under the United States Housing Act of 1937 shall  
 16           be operated as public housing for the 40-year period begin-  
 17           ning upon such production.

18           (b) *OPERATING ASSISTANCE.*—No portion of any pub-  
 19           lic housing development operated with amounts from a  
 20           grant under this title or operating assistance provided  
 21           under the United States Housing Act of 1937 may be dis-  
 22           posed of before the expiration of the 10-year period begin-  
 23           ning upon the conclusion of the fiscal year for which the  
 24           grant or such assistance was provided, except as provided  
 25           in this Act.

1       (c) *CAPITAL IMPROVEMENTS ASSISTANCE.*—Amounts  
2   *may be used for eligible activities under section 203(a)(3)*  
3   *only for the following housing developments:*

4           (1) *LOW-INCOME DEVELOPMENTS.*—Amounts  
5   *may be used for a low-income housing development*  
6   *that—*

7                   (A) *is owned by local housing and manage-*  
8                   *ment authorities;*

9                   (B) *is operated as low-income rental hous-*  
10                  *ing and produced or operated with assistance*  
11                  *provided under a grant under this title; and*

12                  (C) *is consistent with the purposes of this*  
13                  *title.*

14   *Any development, or portion thereof, referred to in*  
15   *this paragraph for which activities under section*  
16   *203(a)(3) are conducted using amounts from a grant*  
17   *under this title shall be maintained and used as pub-*  
18   *lic housing for the 20-year period beginning upon the*  
19   *receipt of such grant. Any public housing develop-*  
20   *ment, or portion thereof, that received the benefit of*  
21   *a grant pursuant to section 14 of the United States*  
22   *Housing Act of 1937 shall be maintained and used as*  
23   *public housing for the 20-year period beginning upon*  
24   *receipt of such amounts.*

1           (2) *MIXED INCOME DEVELOPMENTS.*—Amounts  
2       *may be used for mixed-income developments, which*  
3       *shall be a housing development that—*

4           (A) *contains dwelling units that are avail-*  
5       *able for occupancy by families other than low-in-*  
6       *come families;*

7           (B) *contains a number of dwelling units—*

8           (i) *which units are made available (by*  
9       *master contract or individual lease) for oc-*  
10      *cupancy only by low- and very low-income*  
11      *families identified by the local housing and*  
12      *management authority;*

13          (ii) *which number is not less than a*  
14      *reasonable number of units, including relat-*  
15      *ed amenities, taking into account the*  
16      *amount of the assistance provided by the*  
17      *authority compared to the total investment*  
18      *(including costs of operation) in the devel-*  
19      *opment;*

20          (iii) *which units are subject to the stat-*  
21      *utory and regulatory requirements of the*  
22      *public housing program, except that the*  
23      *Secretary may grant appropriate waivers to*  
24      *such statutory and regulatory requirements*  
25      *if reductions in funding or other changes to*

1           the program make continued application of  
2           such requirements impracticable;

3           (iv) which units are specially des-  
4           ignated as dwelling units under this sub-  
5           paragraph, except the equivalent units in  
6           the development may be substituted for des-  
7           ignated units during the period the units  
8           are subject to the requirements of the public  
9           housing program; and

10          (v) which units shall be eligible for as-  
11          sistance under this title; and

12          (C) is owned by the local housing and man-  
13          agement authority, an affiliate controlled by it,  
14          or another appropriate entity.

15       Notwithstanding any other provision of this title, to  
16       facilitate the establishment of socioeconomically mixed  
17       communities, a local housing and management au-  
18       thority that uses grant amounts under this title for  
19       a mixed income development under this paragraph  
20       may, to the extent that income from such a develop-  
21       ment reduces the amount of grant amounts used for  
22       operating or other costs relating to public housing,  
23       use such resulting savings to rent privately developed  
24       dwelling units in the neighborhood of the mixed in-  
25       come development. Such units shall be made available

1       *for occupancy only by low-income families eligible for*  
2       *residency in public housing.*

3       **SEC. 222. FAMILY ELIGIBILITY.**

4       (a) *IN GENERAL.*—*Dwelling units in public housing*  
5       *may be rented only to families who are low-income families*  
6       *at the time of their initial occupancy of such units.*

7       (b) *INCOME MIX WITHIN DEVELOPMENTS.*—*A local*  
8       *housing and management authority may establish and uti-*  
9       *lize income-mix criteria for the selection of residents for*  
10       *dwelling units in public housing developments that limit*  
11       *admission to a development by selecting applicants having*  
12       *incomes appropriate so that the mix of incomes of families*  
13       *occupying the development is proportional to the income*  
14       *mix in the eligible population of the jurisdiction of the au-*  
15       *thority, as adjusted to take into consideration the severity*  
16       *of housing need. Any criteria established under this sub-*  
17       *section shall be subject to the provisions of subsection (c).*

18       (c) *INCOME MIX.*—*Of the public housing dwelling*  
19       *units of a local housing and management authority made*  
20       *available for occupancy after the date of the enactment of*  
21       *this Act, not less than 25 percent shall be occupied by low-*  
22       *income families whose incomes do not exceed 30 percent of*  
23       *the area median income.*

24       (d) *WAIVER OF ELIGIBILITY REQUIREMENTS FOR OC-*  
25       *CUPANCY BY POLICE OFFICERS.*—

1           (1) *AUTHORITY AND WAIVER.*—*To provide occu-*  
2           *pancy in public housing dwelling units to police offi-*  
3           *cers and other law enforcement or security personnel*  
4           *(who are not otherwise eligible for residence in public*  
5           *housing) and to increase security for other public*  
6           *housing residents in developments where crime has*  
7           *been a problem, a local housing and management au-*  
8           *thority may, with respect to such units and subject to*  
9           *paragraph (2)—*

10                 *(A) waive—*

11                         *(i) the provisions of subsection (a) of*  
12                         *this section and section 225(a);*

13                         *(ii) the applicability of—*

14                                 *(I) any preferences for occupancy*  
15                                 *established under section 223;*

16                                 *(II) the minimum rental amount*  
17                                 *established pursuant to section 225(b)*  
18                                 *and any maximum monthly rental*  
19                                 *amount established pursuant to such*  
20                                 *section;*

21                                 *(III) any criteria relating to*  
22                                 *project income mix established under*  
23                                 *subsection (b);*

24                                 *(IV) the income mix requirements*  
25                                 *under subsection (c); and*

1 (V) any other occupancy limita-  
2 tions or requirements; and

3 (B) establish special rent requirements and  
4 other terms and conditions of occupancy.

5 (2) *CONDITIONS OF WAIVER.*—A local housing  
6 and management authority may take the actions au-  
7 thorized in paragraph (1) only if authority deter-  
8 mines that such actions will increase security in the  
9 public housing developments involved and will not re-  
10 sult in a significant reduction of units available for  
11 residence by low-income families.

12 ***SEC. 223. PREFERENCES FOR OCCUPANCY.***

13 (a) *AUTHORITY TO ESTABLISH.*—Any local housing  
14 and management authority may establish a system for  
15 making dwelling units in public housing available for occu-  
16 pancy that provides preference for such occupancy to fami-  
17 lies having certain characteristics.

18 (b) *CONTENT.*—Each system of preferences established  
19 pursuant to this section shall be based upon local housing  
20 needs and priorities, as determined by the local housing and  
21 management authority using generally accepted data  
22 sources. Each system of preferences established pursuant to  
23 this section shall be based upon local housing needs and  
24 priorities using generally accepted data sources, including  
25 any information obtained pursuant to an opportunity for



1 *public comment as provided under section 107(e) or under*  
 2 *the requirements applicable to comprehensive housing af-*  
 3 *fordability strategy for the relevant jurisdiction.*

4 ***SEC. 224. ADMISSION PROCEDURES.***

5 *(a) ADMISSION REQUIREMENTS.—A local housing and*  
 6 *management authority shall ensure that each family resid-*  
 7 *ing in a public housing development owned or administered*  
 8 *by the authority is admitted in accordance with the proce-*  
 9 *dures established under this title by the authority and the*  
 10 *income limits under section 222.*

11 *(b) AVAILABILITY OF CRIMINAL RECORDS.—*

12 *(1) AVAILABILITY.—Notwithstanding any other*  
 13 *provision of Federal, State, or local law, upon the re-*  
 14 *quest of any local housing and management author-*  
 15 *ity, the National Crime Information Center, police*  
 16 *departments, and any other law enforcement entities*  
 17 *shall provide information to the authority regarding*  
 18 *the criminal convictions of applicants for, or resi-*  
 19 *dents of, public housing for the purpose of applicant*  
 20 *screening, lease enforcement, and eviction.*

21 *(2) CONTENT.—The information provided under*  
 22 *paragraph (1) may not include information regard-*  
 23 *ing any criminal conviction of such an applicant or*  
 24 *resident for any act (or failure to act) occurring be-*  
 25 *fore the applicant or resident reached 18 years of age.*

1           (3) *CONFIDENTIALITY.*—A local housing and  
2           management authority receiving information under  
3           this subsection may use such information only for the  
4           purposes provided in this subsection and such infor-  
5           mation may not be disclosed to any person who is not  
6           an officer or employee of the authority. The Secretary  
7           shall, by regulation, establish procedures necessary to  
8           ensure that information provided to a local housing  
9           and management authority under this subsection is  
10          used, and confidentiality of such information is  
11          maintained, as required under this subsection.

12          (4) *PENALTY.*—Any person who knowingly and  
13          willfully requests or obtains any information concern-  
14          ing an applicant for, or resident of, public housing  
15          pursuant to the authority under this subsection under  
16          false pretenses, or any person who knowingly and  
17          willfully discloses any such information in any man-  
18          ner to any individual not entitled under any law to  
19          receive it, shall be guilty of a misdemeanor and fined  
20          not more than \$5,000. The term “person” as used in  
21          this paragraph shall include an officer or employee of  
22          any local housing and management authority.

23          (5) *CIVIL ACTION.*—Any applicant for, or resi-  
24          dent of, public housing affected by (A) a negligent or  
25          knowing disclosure of information referred to in this

1        *section about such person by an officer or employee*  
2        *of any local housing and management authority,*  
3        *which disclosure is not authorized by this subsection,*  
4        *or (B) any other negligent or knowing action that is*  
5        *inconsistent with this subsection, may bring a civil*  
6        *action for damages and such other relief as may be*  
7        *appropriate against any officer or employee of any*  
8        *local housing and management authority responsible*  
9        *for such unauthorized action. The district court of the*  
10       *United States in the district in which the affected ap-*  
11       *plicant or resident resides, in which such unauthor-*  
12       *ized action occurred, or in which the officer or em-*  
13       *ployee alleged to be responsible for any such unau-*  
14       *thorized action resides, shall have jurisdiction in such*  
15       *matters. Appropriate relief that may be ordered by*  
16       *such district courts shall include reasonable attorney's*  
17       *fees and other litigation costs.*

18            *(6) FEES.—A local housing and management*  
19        *authority may pay a reasonable fee to obtain infor-*  
20        *mation under this subsection.*

21            *(c) NOTIFICATION OF APPLICATION DECISIONS.—A*  
22        *local housing and management authority shall establish*  
23        *procedures designed to provide for notification to an appli-*  
24        *cant for admission to public housing of the determination*  
25        *with respect to such application, the basis for the deter-*

1 mination, and, if the applicant is determined to be eligible  
 2 for admission, the projected date of occupancy (to the extent  
 3 such date can reasonably be determined). If an authority  
 4 denies an applicant admission to public housing, the au-  
 5 thority shall notify the applicant that the applicant may  
 6 request an informal hearing on the denial within a reason-  
 7 able time of such notification.

8       (d) *CONFIDENTIALITY FOR VICTIMS OF DOMESTIC VIO-*  
 9 *LENCE.*—A local housing and management authority shall  
 10 be subject to the restrictions regarding release of informa-  
 11 tion relating to the identity and new residence of any fam-  
 12 ily in public housing that was a victim of domestic violence  
 13 that are applicable to shelters pursuant to the Family Vio-  
 14 lence Prevention and Services Act. The authority shall work  
 15 with the United States Postal Service to establish proce-  
 16 dures consistent with the confidentiality provisions in the  
 17 Violence Against Women Act of 1994.

18       (e) *TRANSFERS.*—A local housing and management  
 19 authority may apply, to each public housing resident seek-  
 20 ing to transfer from one development to another develop-  
 21 ment owned or operated by the authority, the screening pro-  
 22 cedures applicable at such time to new applicants for public  
 23 housing.

1 **SEC. 225. FAMILY RENTAL PAYMENT.**

2 (a) *RENTAL CONTRIBUTION BY RESIDENT.*—A family  
3 shall pay as monthly rent for a dwelling unit in public  
4 housing the amount that the local housing and management  
5 authority determines is appropriate with respect to the fam-  
6 ily and the unit, which shall be—

7 (1) based upon factors determined by the author-  
8 ity, which may include the adjusted income of the  
9 resident, type and size of dwelling unit, operating  
10 and other expenses of the authority, or any other fac-  
11 tors that the authority considers appropriate; and

12 (2) an amount that is not less than the mini-  
13 mum monthly rental amount under subsection (b)(1)  
14 nor more than any maximum monthly rental amount  
15 established for the dwelling unit pursuant to sub-  
16 section (b)(2).

17 In determining the amount of the rent charged for a dwell-  
18 ing unit, a local housing and management authority shall  
19 take into consideration the characteristics of the population  
20 served by the authority, the goals of the local housing man-  
21 agement plan for the authority, and the goals under the  
22 comprehensive housing affordability strategy under section  
23 105 of the Cranston-Gonzalez National Affordable Housing  
24 Act (or any consolidated plan incorporating such strategy)  
25 for the applicable jurisdiction.

26 (b) *ALLOWABLE RENTS.*—

1           (1) *MINIMUM RENTAL.*—Each local housing and  
2           management authority shall establish, for each dwell-  
3           ing unit in public housing owned or administered by  
4           the authority, a minimum monthly rental contribu-  
5           tion, which—

6                     (A) may not be less than \$25;

7                     (B) shall include any portion of the cost of  
8           utilities for the unit for which the resident is re-  
9           sponsible; and

10                    (C) may be increased annually by the au-  
11           thority, except that no such annual increase may  
12           exceed 10 percent of the amount of the minimum  
13           monthly rental contribution in effect for the pre-  
14           ceding year.

15           (2) *MAXIMUM RENTAL.*—Each local housing and  
16           management authority may establish, for each dwell-  
17           ing unit in public housing owned or administered by  
18           the authority, a maximum monthly rental amount,  
19           which shall be an amount determined by the author-  
20           ity which is based on, but does not exceed—

21                    (A) the average, for dwelling units of simi-  
22           lar size in public housing developments owned  
23           and operated by such authority, of operating ex-  
24           penses attributable to such units;

1                   (B) *the reasonable rental value of the unit;*

2                   *or*

3                   (C) *the local market rent for comparable*

4                   *units of similar size.*

5           (c) *INCOME REVIEWS.—If a local housing and man-*  
6 *agement authority establishes the amount of rent paid by*  
7 *a family for a public housing dwelling unit based on the*  
8 *adjusted income of the family, the authority shall review*  
9 *the incomes of such family occupying dwelling units in pub-*  
10 *lic housing owned or administered by the authority not less*  
11 *than annually.*

12           (d) *REVIEW OF MAXIMUM AND MINIMUM RENTS.—*

13               (1) *RENTAL CHARGES.—If the Secretary deter-*  
14 *mines, at any time, that a significant percentage of*  
15 *the public housing dwelling units owned or operated*  
16 *by a large local housing and management authority*  
17 *are occupied by households paying more than 30 per-*  
18 *cent of their adjusted incomes for rent, the Secretary*  
19 *shall review the maximum and minimum monthly*  
20 *rental amounts established by the authority.*

21               (2) *POPULATION SERVED.—If the Secretary de-*  
22 *termines, at any time, that less than 40 percent of the*  
23 *public housing dwelling units owned or operated by*  
24 *a large local housing and management authority are*  
25 *occupied by households whose incomes do not exceed*

1     30 percent of the area median income, the Secretary  
 2     shall review the maximum and minimum monthly  
 3     rental amounts established by the authority.

4           (3) *MODIFICATION OF MAXIMUM AND MINIMUM*  
 5     *RENTAL AMOUNTS.*—If, pursuant to review under this  
 6     subsection, the Secretary determines that the maxi-  
 7     mum and minimum rental amounts for a large local  
 8     housing and management authority are not appro-  
 9     priate to serve the needs of the low-income population  
 10    of the jurisdiction served by the authority (taking into  
 11    consideration the financial resources and costs of the  
 12    authority), as identified in the approved local housing  
 13    management plan of the authority, the Secretary may  
 14    require the authority to modify the maximum and  
 15    minimum monthly rental amounts.

16           (4) *LARGE LHMA.*—For purposes of this sub-  
 17    section, the term “large local housing and manage-  
 18    ment authority” means a local housing and manage-  
 19    ment authority that owns or operates 1250 or more  
 20    public housing dwelling units.

21    (e) *PHASE-IN OF RENT CONTRIBUTION INCREASES.*—

22           (1) *IN GENERAL.*—Except as provided in para-  
 23    graph (2), for any family residing in a dwelling unit  
 24    in public housing upon the date of the enactment of  
 25    this Act, if the monthly contribution for rental of an



1        *assisted dwelling unit to be paid by the family upon*  
 2        *initial applicability of this title is greater than the*  
 3        *amount paid by the family under the provisions of*  
 4        *the United States Housing Act of 1937 immediately*  
 5        *before such applicability, any such resulting increase*  
 6        *in rent contribution shall be—*

7                *(A) phased in equally over a period of not*  
 8                *less than 3 years, if such increase is 30 percent*  
 9                *or more of such contribution before initial appli-*  
 10               *cability; and*

11               *(B) limited to not more than 10 percent per*  
 12               *year if such increase is more than 10 percent but*  
 13               *less than 30 percent of such contribution before*  
 14               *initial applicability.*

15               *(2) EXCEPTION.—The minimum rent contribu-*  
 16               *tion requirement under subsection (b)(1)(A) shall*  
 17               *apply to each family described in paragraph (1) of*  
 18               *this subsection, notwithstanding such paragraph.*

19        **SEC. 226. LEASE REQUIREMENTS.**

20               *In renting dwelling units in a public housing develop-*  
 21               *ment, each local housing and management authority shall*  
 22               *utilize leases that—*

23               *(1) do not contain unreasonable terms and con-*  
 24               *ditions;*

1           (2) *obligate the local housing and management*  
2           *authority to maintain the development in compliance*  
3           *with the housing quality requirements under section*  
4           *232;*

5           (3) *require the local housing and management*  
6           *authority to give adequate written notice of termi-*  
7           *nation of the lease, which shall not be less than—*

8                   (A) *the period provided under the applica-*  
9                   *ble law of the jurisdiction or 14 days, whichever*  
10                  *is less, in the case of nonpayment of rent;*

11                  (B) *a reasonable period of time, but not to*  
12                  *exceed 14 days, when the health or safety of other*  
13                  *residents or local housing and management au-*  
14                  *thority employees is threatened; and*

15                  (C) *the period of time provided under the*  
16                  *applicable law of the jurisdiction, in any other*  
17                  *case;*

18           (4) *require that the local housing and manage-*  
19           *ment authority may not terminate the tenancy except*  
20           *for violation of the terms or conditions of the lease,*  
21           *violation of applicable Federal, State, or local law, or*  
22           *for other good cause;*

23           (5) *provide that the local housing and manage-*  
24           *ment authority may terminate the tenancy of a pub-*  
25           *lic housing resident for any activity, engaged in by*

1        *a public housing resident, any member of the resi-*  
2        *dent's household, or any guest or other person under*  
3        *the resident's control, that—*

4                *(A) threatens the health or safety of, or*  
5                *right to peaceful enjoyment of the premises by,*  
6                *other residents or employees of the local housing*  
7                *and management authority or other manager of*  
8                *the housing;*

9                *(B) threatens the health or safety of, or*  
10               *right to peaceful enjoyment of their premises by,*  
11               *persons residing in the immediate vicinity of the*  
12               *premises; or*

13               *(C) is criminal activity (including drug-re-*  
14               *lated criminal activity);*

15               *(6) provide that any occupancy in violation of*  
16               *the provisions of section 227(a)(4) shall be cause for*  
17               *termination of tenancy; and*

18               *(7) specify that, with respect to any notice of*  
19               *eviction or termination, notwithstanding any State*  
20               *law, a public housing resident shall be informed of the*  
21               *opportunity, prior to any hearing or trial, to exam-*  
22               *ine any relevant documents, records or regulations di-*  
23               *rectly related to the eviction or termination.*

1 **SEC. 227. DESIGNATED HOUSING FOR ELDERLY AND DIS-**  
2 **ABLED FAMILIES.**

3 (a) *AUTHORITY TO PROVIDE DESIGNATED HOUS-*  
4 *ING.*—

5 (1) *IN GENERAL.*—*Notwithstanding any other*  
6 *provision of law, a local housing and management*  
7 *authority for which the information required under*  
8 *subsection (c) is in effect may provide public housing*  
9 *developments (or portions of developments) designated*  
10 *for occupancy by (A) only elderly families, (B) only*  
11 *disabled families, or (C) elderly and disabled families.*

12 (2) *PRIORITY FOR OCCUPANCY.*—*In determining*  
13 *priority for admission to public housing developments*  
14 *(or portions of developments) that are designated for*  
15 *occupancy as provided in paragraph (1), the local*  
16 *housing and management authority may make units*  
17 *in such developments (or portions) available only to*  
18 *the types of families for whom the development is des-*  
19 *ignated.*

20 (3) *ELIGIBILITY OF NEAR-ELDERLY FAMILIES.*—  
21 *If a local housing and management authority deter-*  
22 *mines that there are insufficient numbers of elderly*  
23 *families to fill all the units in a development (or por-*  
24 *tion of a development) designated under paragraph*  
25 *(1) for occupancy by only elderly families, the author-*

1        *ity may provide that near-elderly families may oc-*  
 2        *cupy dwelling units in the development (or portion).*

3            (4) *LIMITATION ON OCCUPANCY IN DEVELOP-*  
 4        *MENTS FOR ELDERLY FAMILIES.—*

5            (A) *IN GENERAL.—Subject only to the pro-*  
 6        *visions of subsection (b) and notwithstanding*  
 7        *any other provision of law, a dwelling unit in*  
 8        *a development (or portion of a development) that*  
 9        *is designated under paragraph (1) for occupancy*  
 10       *by only elderly families or by only elderly and*  
 11       *disabled families shall not be occupied by any*  
 12       *individual who is not an elderly person and—*

13            (i) *who currently illegally uses a con-*  
 14        *trolled substance; or*

15            (ii) *whose history of illegal use of a*  
 16        *controlled substance or use of alcohol, or*  
 17        *current use of alcohol, provides reasonable*  
 18        *cause for the local housing and management*  
 19        *authority to believe that the occupancy by*  
 20        *such individual may interfere with the*  
 21        *health, safety, or right to peaceful enjoyment*  
 22        *of the premises by other residents.*

23            (B) *CONSIDERATION OF REHABILITATION.—*  
 24        *In determining whether, pursuant to subpara-*  
 25        *graph (A), to deny occupancy to any individual*

1           *based on a history of use of a controlled sub-*  
2           *stance or alcohol, a local housing and manage-*  
3           *ment authority may consider the factors under*  
4           *section 105(b).*

5           ***(b) STANDARDS REGARDING EVICTIONS.—***

6           ***(1) LIMITATION.—****Except as provided in para-*  
7           *graph (2), any resident who is lawfully residing in*  
8           *a dwelling unit in a development designated for occu-*  
9           *pancy under subsection (a)(1) may not be evicted or*  
10          *otherwise required to vacate such unit because of the*  
11          *designation of the development (or portion of a devel-*  
12          *opment) or because of any action taken by the Sec-*  
13          *retary or any local housing and management author-*  
14          *ity to carry out this section.*

15          ***(2) REQUIREMENT TO EVICT NONELDERLY TEN-***  
16          ***ANTS IN HOUSING DESIGNATED FOR ELDERLY FAMI-***  
17          ***LIES WHO HAVE CURRENT DRUG OR ALCOHOL ABUSE***  
18          ***PROBLEMS.—****The local housing and management au-*  
19          *thority administering a development (or portion of a*  
20          *development) described in subsection (a)(4)(A) shall*  
21          *evict any individual who occupies a dwelling unit in*  
22          *such a development and who currently illegally uses*  
23          *a controlled substance or whose current use of alcohol*  
24          *provides a reasonable cause for the authority to be-*  
25          *lieve that the occupancy by such individual may*

1       *interfere with the health, safety, or right to peaceful*  
 2       *enjoyment of the premises by other residents. This*  
 3       *paragraph may not be construed to require a local*  
 4       *housing and management authority to evict any other*  
 5       *individual who occupies the same dwelling unit as the*  
 6       *individual required to be evicted.*

7       *(c) REQUIRED INCLUSIONS IN LOCAL HOUSING MAN-*  
 8       *AGEMENT PLAN.—*

9               *(1) IN GENERAL.—A local housing and manage-*  
 10       *ment authority may designate a development (or por-*  
 11       *tion of a development) for occupancy under subsection*  
 12       *(a)(1) only if the authority, as part of the authority's*  
 13       *local housing management plan—*

14               *(A) establishes that the designation of the*  
 15       *development is necessary—*

16               *(i) to achieve the housing goals for the*  
 17       *jurisdiction under the comprehensive hous-*  
 18       *ing affordability strategy under section 105*  
 19       *of the Cranston-Gonzalez National Afford-*  
 20       *able Housing Act (or any consolidated plan*  
 21       *incorporating such strategy); and*

22               *(ii) to meet the housing needs of the*  
 23       *low-income population jurisdiction; and*

24       *(B) submits a description of—*

1                   (i) *the development (or portion of a de-*  
2                   *velopment) to be designated;*

3                   (ii) *the types of residents for which the*  
4                   *development is to be designated;*

5                   (iii) *any services designed to meet the*  
6                   *special needs of residents to be provided to*  
7                   *residents of the designated development (or*  
8                   *portion);*

9                   (iv) *how the design and related facili-*  
10                  *ties (as such term is defined in section*  
11                  *202(d)(8) of the Housing Act of 1959) of the*  
12                  *development accommodate the special envi-*  
13                  *ronmental needs of the intended occupants.*

14               (2) *5-YEAR EFFECTIVENESS.—The information*  
15               *required under paragraph (1) shall be effective for*  
16               *purposes of designation of a public housing develop-*  
17               *ment (or portion thereof) under this section only for*  
18               *the 5-year period that begins upon notification under*  
19               *section 108(a) of the local housing and management*  
20               *authority that the information complies with the re-*  
21               *quirements under section 107 and this subsection. A*  
22               *local housing and management authority may extend*  
23               *the effectiveness of the designation and information*  
24               *for an additional 2-year period beginning upon the*  
25               *expiration of such period (or the expiration of any*



1       *previous extension period under this sentence) by up-*  
 2       *dating such information in the local housing manage-*  
 3       *ment plan for the authority.*

4               (3) *TREATMENT OF EXISTING PLANS.*—*Notwith-*  
 5       *standing any other provision of this section, a local*  
 6       *housing and management authority shall be consid-*  
 7       *ered to have submitted the information required*  
 8       *under this subsection if the authority has submitted*  
 9       *to the Secretary an application and allocation plan*  
 10       *under this section (as in effect before the date of the*  
 11       *enactment of this Act) that have not been approved or*  
 12       *disapproved before such date of enactment.*

13              (4) *SAVINGS PROVISION.*—*Any application and*  
 14       *allocation plan approved under section 7 of the Unit-*  
 15       *ed States Housing Act of 1937 (as in effect before the*  
 16       *date of the enactment of this Act) before such date of*  
 17       *enactment shall be considered to be information re-*  
 18       *quired under this subsection that is in effect for pur-*  
 19       *poses of this section for the 5-year period beginning*  
 20       *upon such approval.*

21              (d) *RELOCATION ASSISTANCE.*—*A local housing and*  
 22       *management authority that designates any existing devel-*  
 23       *opment or building, or portion thereof, for occupancy as*  
 24       *provided under subsection (a) shall provide, to each person*  
 25       *and family relocated in connection with such designation—*

1           (1) *notice of the designation and relocation, as*  
 2           *soon as is practicable for the authority and the person*  
 3           *or family;*

4           (2) *comparable housing (including appropriate*  
 5           *services and design features), which may include rent-*  
 6           *al assistance under title III, at a rental rate that is*  
 7           *comparable to that applicable to the unit from which*  
 8           *the person or family has vacated; and*

9           (3) *payment of actual, reasonable moving ex-*  
 10          *penses.*

11          (e) *INAPPLICABILITY TO INDIAN HOUSING.—The pro-*  
 12          *visions of this section shall not apply with respect to low-*  
 13          *income housing developed or operated pursuant to a con-*  
 14          *tract between the Secretary and an Indian housing author-*  
 15          *ity.*

## 16                   ***Subtitle C—Management***

### 17   ***SEC. 231. MANAGEMENT PROCEDURES.***

18          (a) *SOUND MANAGEMENT.—A local housing and man-*  
 19          *agement authority that receives grant amounts under this*  
 20          *title shall establish and comply with procedures and prac-*  
 21          *tices sufficient to ensure that the public housing develop-*  
 22          *ments owned or administered by the authority are operated*  
 23          *in a sound manner.*

24          (b) *MANAGEMENT BY OTHER ENTITIES.—Except as*  
 25          *otherwise provided under this Act, a local housing and*

1 management authority may contract with any other entity  
 2 to perform any of the management functions for public  
 3 housing owned or operated by the local housing and man-  
 4 agement authority.

5 **SEC. 232. HOUSING QUALITY REQUIREMENTS.**

6 (a) *IN GENERAL.*—Each local housing and manage-  
 7 ment authority that receives grant amounts under this Act  
 8 shall maintain its public housing in a condition that com-  
 9 plies—

10 (1) in the case of public housing located in a ju-  
 11 risdiction which has in effect laws, regulations, stand-  
 12 ards, or codes regarding habitability of residential  
 13 dwellings that provide protection to residents of the  
 14 dwellings that is equal to or greater than the protec-  
 15 tion provided under the housing quality standards es-  
 16 tablished under subsection (b), with such applicable  
 17 laws, regulations, standards, or codes; or

18 (2) in the case of public housing located in a ju-  
 19 risdiction which does not have in effect laws, regula-  
 20 tions, standards, or codes described in subparagraph  
 21 (A), with the housing quality standards established  
 22 under subsection (b).

23 (b) *FEDERAL HOUSING QUALITY STANDARDS.*—The  
 24 Secretary shall establish housing quality standards under  
 25 this subsection that ensure that public housing dwelling

1 *units are safe, clean, and healthy. Such standards shall in-*  
2 *clude requirements relating to habitability, including main-*  
3 *tenance, health and sanitation factors, condition, and con-*  
4 *struction of dwellings, and shall, to the greatest extent prac-*  
5 *ticable, be consistent with the standards established under*  
6 *section 328(b). The Secretary shall differentiate between*  
7 *major and minor violations of such standards.*

8       (c) *DETERMINATIONS.—Each local housing and man-*  
9 *agement authority providing housing assistance shall iden-*  
10 *tify, in the local housing management plan of the authority,*  
11 *whether the authority is utilizing the standard under para-*  
12 *graph (1) or (2) of subsection (a) and, if the authority uti-*  
13 *lizes the standard under paragraph (1), shall certify in such*  
14 *plan that the applicable State or local laws, regulations,*  
15 *standards, or codes comply with the requirements under*  
16 *such paragraph.*

17       (d) *ANNUAL INSPECTIONS.—Each local housing and*  
18 *management authority that owns or operates public housing*  
19 *shall make an annual inspection of each public housing de-*  
20 *velopment to determine whether units in the development*  
21 *are maintained in accordance with the requirements under*  
22 *subsection (a). The authority shall submit the results of such*  
23 *inspections to the Secretary and the Inspector General for*  
24 *the Department of Housing and Urban Development and*  
25 *such results shall be available to the Housing Foundation*

1 *and Accreditation Board established under title IV and any*  
2 *auditor conducting an audit under section 432.*

3 ***SEC. 233. EMPLOYMENT OF RESIDENTS.***

4 *A local housing and management authority may em-*  
5 *ploy public housing residents in any activities engaged in*  
6 *by the authority. The Secretary shall require local housing*  
7 *and management authorities, in using grant amounts pro-*  
8 *vided under this title, to make their best efforts to enter*  
9 *into agreements with contractors and subcontractors of the*  
10 *authority to provide residents of public housing with em-*  
11 *ployment opportunities, job training, and internships.*

12 ***SEC. 234. RESIDENT COUNCILS AND RESIDENT MANAGE-***  
13 ***MENT CORPORATIONS.***

14 *(a) RESIDENT COUNCILS.—The residents of a public*  
15 *housing development may establish a resident council for*  
16 *the development for purposes of consideration of issues re-*  
17 *lating to residents, representation of resident interests, and*  
18 *coordination and consultation with a local housing and*  
19 *management authority. A resident council shall be an orga-*  
20 *nization or association that—*

21 *(1) is nonprofit in character;*

22 *(2) is representative of the residents of the eligi-*  
23 *ble housing;*

24 *(3) adopts written procedures providing for the*  
25 *election of officers on a regular basis; and*

1           (4) *has a democratically elected governing board,*  
 2           *which is elected by the residents of the eligible hous-*  
 3           *ing.*

4           **(b) RESIDENT MANAGEMENT CORPORATIONS.—**

5           (1) **ESTABLISHMENT.**—*The residents of a public*  
 6           *housing development may establish a resident man-*  
 7           *agement corporation for the purpose of assuming the*  
 8           *responsibility for the management of the development*  
 9           *under section 235 or purchasing a development.*

10          (2) **REQUIREMENTS.**—*A resident management*  
 11          *corporation shall be a corporation that—*

12                   (A) *is nonprofit in character;*

13                   (B) *is organized under the laws of the State*  
 14                   *in which the development is located;*

15                   (C) *has as its sole voting members the resi-*  
 16                   *dents of the development; and*

17                   (D) *is established by the resident council for*  
 18                   *the development or, if there is not a resident*  
 19                   *council, by a majority of the households of the*  
 20                   *development.*

21   **SEC. 235. MANAGEMENT BY RESIDENT MANAGEMENT COR-**  
 22           **PORATION.**

23          (a) **AUTHORITY.**—*A local housing and management*  
 24          *authority may enter into a contract under this section with*

1 *a resident management corporation to provide for the man-*  
2 *agement of public housing developments by the corporation.*

3       (b) *CONTRACT.*—*A contract under this section for*  
4 *management of public housing developments by a resident*  
5 *management corporation shall establish the respective man-*  
6 *agement rights and responsibilities of the corporation and*  
7 *the local housing and management authority. The contract*  
8 *shall be consistent with the requirements of this Act appli-*  
9 *cable to public housing development and may include spe-*  
10 *cific terms governing management personnel and com-*  
11 *pensation, access to public housing records, submission of*  
12 *and adherence to budgets, rent collection procedures, resi-*  
13 *dent income verification, resident eligibility determina-*  
14 *tions, resident eviction, the acquisition of supplies and ma-*  
15 *terials and such other matters as may be appropriate. The*  
16 *contract shall be treated as a contracting out of services.*

17       (c) *BONDING AND INSURANCE.*—*Before assuming any*  
18 *management responsibility for a public housing develop-*  
19 *ment, the resident management corporation shall provide*  
20 *fidelity bonding and insurance, or equivalent protection.*  
21 *Such bonding and insurance, or its equivalent, shall be ade-*  
22 *quate to protect the Secretary and the local housing and*  
23 *management authority against loss, theft, embezzlement, or*  
24 *fraudulent acts on the part of the resident management cor-*  
25 *poration or its employees.*

1       (d) *BLOCK GRANT ASSISTANCE AND INCOME.*—A con-  
 2   tract under this section shall provide for—

3           (1) *the local housing and management authority*  
 4       *to provide a portion of the block grant assistance*  
 5       *under this title to the resident management corpora-*  
 6       *tion for purposes of operating the public housing de-*  
 7       *velopment covered by the contract and performing*  
 8       *such other eligible activities with respect to the devel-*  
 9       *opment as may be provided under the contract;*

10          (2) *the amount of income expected to be derived*  
 11       *from the development itself (from sources such as*  
 12       *rents and charges);*

13          (3) *the amount of income to be provided to the*  
 14       *development from the other sources of income of the*  
 15       *local housing and management authority (such as in-*  
 16       *terest income, administrative fees, and rents); and*

17          (4) *any income generated by a resident manage-*  
 18       *ment corporation of a public housing development*  
 19       *that exceeds the income estimated under the contract*  
 20       *shall be used for eligible activities under section*  
 21       *203(a).*

22       (e) *CALCULATION OF TOTAL INCOME.*—

23           (1) *MAINTENANCE OF SUPPORT.*—Subject to  
 24       paragraph (2), the amount of assistance provided by  
 25       a local housing and management authority to a pub-



1        *lic housing development managed by a resident man-*  
 2        *agement corporation may not be reduced during the*  
 3        *3-year period beginning on the date on which the*  
 4        *resident management corporation is first established*  
 5        *for the development.*

6            (2) *REDUCTIONS AND INCREASES IN SUPPORT.—*  
 7        *If the total income of a local housing and manage-*  
 8        *ment authority is reduced or increased, the income*  
 9        *provided by the local housing and management au-*  
 10       *thority to a public housing development managed by*  
 11       *a resident management corporation shall be reduced*  
 12       *or increased in proportion to the reduction or in-*  
 13       *crease in the total income of the authority, except that*  
 14       *any reduction in block grant amounts under this title*  
 15       *to the authority that occurs as a result of fraud,*  
 16       *waste, or mismanagement by the authority shall not*  
 17       *affect the amount provided to the resident manage-*  
 18       *ment corporation.*

19    **SEC. 236. TRANSFER OF MANAGEMENT OF CERTAIN HOUS-**  
 20                    **ING TO INDEPENDENT MANAGER AT RE-**  
 21                    **QUEST OF RESIDENTS.**

22        (a) *AUTHORITY.—The Secretary may transfer the re-*  
 23        *sponsibility and authority for management of specified*  
 24        *housing (as such term is defined in subsection (h)) from*  
 25        *a local housing and management authority to an eligible*

1 *management entity, in accordance with the requirements*  
2 *of this section, if—*

3 *(1) such housing is owned or operated by a local*  
4 *housing and management authority that is—*

5 *(A) not accredited under section 433 by the*  
6 *Housing Foundation and Accreditation Board;*  
7 *or*

8 *(B) is designated as a troubled authority*  
9 *under section 431(a)(2); and*

10 *(2) the Secretary determines that—*

11 *(A) such housing has deferred maintenance,*  
12 *physical deterioration, or obsolescence of major*  
13 *systems and other deficiencies in the physical*  
14 *plant of the project;*

15 *(B) such housing is occupied predominantly*  
16 *by families with children who are in a severe*  
17 *state of distress, characterized by such factors as*  
18 *high rates of unemployment, teenage pregnancy,*  
19 *single-parent households, long-term dependency*  
20 *on public assistance and minimal educational*  
21 *achievement;*

22 *(C) such housing is located in an area such*  
23 *that the housing is subject to recurrent vandal-*  
24 *ism and criminal activity (including drug-relat-*  
25 *ed criminal activity); and*

1                   (D) the residents can demonstrate that the  
2                   elements of distress for such housing specified in  
3                   subparagraphs (A) through (C) can be remedied  
4                   by an entity that has a demonstrated capacity to  
5                   manage, with reasonable expenses for moderniza-  
6                   tion.

7   Such a transfer may be made only as provided in this sec-  
8   tion, pursuant to the approval by the Secretary of a request  
9   for the transfer made by a majority vote of the residents  
10  for the specified housing, after consultation with the local  
11  housing and management authority for the specified hous-  
12  ing.

13       (b) *BLOCK GRANT ASSISTANCE.*—Pursuant to a con-  
14  tract under subsection (c), the Secretary shall require the  
15  local housing and management authority for specified hous-  
16  ing to provide to the manager for the housing, from any  
17  block grant amounts under this title for the authority, fair  
18  and reasonable amounts for operating costs for the housing.  
19  The amount made available under this subsection to a man-  
20  ager shall be determined by the Secretary based on the share  
21  for the specified housing of the total block grant amounts  
22  for the local housing and management authority transfer-  
23  ring the housing, taking into consideration the operating  
24  and capital improvement needs of the specified housing, the  
25  operating and capital improvement needs of the remaining

1 *public housing units managed by the local housing and*  
2 *management authority, and the local housing management*  
3 *plan of such authority.*

4 (c) *CONTRACT BETWEEN SECRETARY AND MAN-*  
5 *AGER.—*

6 (1) *REQUIREMENTS.—Pursuant to the approval*  
7 *of a request under this section for transfer of the man-*  
8 *agement of specified housing, the Secretary shall enter*  
9 *into a contract with the eligible management entity.*

10 (2) *TERMS.— A contract under this subsection*  
11 *shall contain provisions establishing the rights and*  
12 *responsibilities of the manager with respect to the*  
13 *specified housing and the Secretary and shall be con-*  
14 *sistent with the requirements of this Act applicable to*  
15 *public housing developments.*

16 (d) *COMPLIANCE WITH LOCAL HOUSING MANAGE-*  
17 *MENT PLAN.—A manager of specified housing under this*  
18 *section shall comply with the approved local housing man-*  
19 *agement plan applicable to the housing and shall submit*  
20 *such information to the local housing and management au-*  
21 *thority from which management was transferred as may*  
22 *be necessary for such authority to prepare and update its*  
23 *local housing management plan.*

24 (e) *DEMOLITION AND DISPOSITION BY MANAGER.—A*  
25 *manager under this section may demolish or dispose of spec-*

1 *ified housing only if, and in the manner, provided for in*  
 2 *the local housing management plan for the authority trans-*  
 3 *ferring management of the housing.*

4 (f) *LIMITATION ON LHMA LIABILITY.—A local hous-*  
 5 *ing and management authority that is not a manager for*  
 6 *specified housing shall not be liable for any act or failure*  
 7 *to act by a manager or resident council for the specified*  
 8 *housing.*

9 (g) *TREATMENT OF MANAGER.—To the extent not in-*  
 10 *consistent with this section and to the extent the Secretary*  
 11 *determines not inconsistent with the purposes of this Act,*  
 12 *a manager of specified housing under this section shall be*  
 13 *considered to be a local housing and management authority*  
 14 *for purposes of this title.*

15 (h) *DEFINITIONS.—For purposes of this section, the*  
 16 *following definitions shall apply:*

17 (1) *ELIGIBLE MANAGEMENT ENTITY.—The term*  
 18 *“eligible management entity” means, with respect to*  
 19 *any public housing development, any of the following*  
 20 *entities that has been accredited in accordance with*  
 21 *section 433:*

22 (A) *NONPROFIT ORGANIZATION.—A public*  
 23 *or private nonprofit organization, which shall—*

24 (i) *include a resident management cor-*  
 25 *poration or resident management organiza-*

tion and, as determined by the Secretary, a public or private nonprofit organization sponsored by the local housing and management authority that owns the development; and

(ii) not include the local housing and management authority that owns the development.

(B) *FOR-PROFIT ENTITY*.—A for-profit entity that has demonstrated experience in providing low-income housing.

(C) *STATE OR LOCAL GOVERNMENT*.—A State or local government, including an agency or instrumentality thereof.

(D) *LOCAL HOUSING AND MANAGEMENT AUTHORITY*.—A local housing and management authority (other than the local housing and management authority that owns the development).

The term does not include a resident council.

(2) *MANAGER*.—The term “manager” means any eligible management entity that has entered into a contract under this section with the Secretary for the management of specified housing.

(3) *NONPROFIT*.—The term “nonprofit” means, with respect to an organization, association, corpora-

tion, or other entity, that no part of the net earnings of the entity inures to the benefit of any member, founder, contributor, or individual.

(4) *PRIVATE NONPROFIT ORGANIZATION.*—The term “private nonprofit organization” means any private organization (including a State or locally chartered organization) that—

(A) is incorporated under State or local law;

(B) is nonprofit in character;

(C) complies with standards of financial accountability acceptable to the Secretary; and

(D) has among its purposes significant activities related to the provision of decent housing that is affordable to low-income families.

(5) *LOCAL HOUSING AND MANAGEMENT AUTHORITY.*—The term “local housing and management authority” has the meaning given such term in section 103(a), except that it does not include Indian housing authorities.

(6) *PUBLIC NONPROFIT ORGANIZATION.*—The term “public nonprofit organization” means any public entity that is nonprofit in character.

(7) *SPECIFIED HOUSING.*—The term “specified housing” means a public housing development or de-

1        *velopments, or a portion of a development or develop-*  
 2        *ments, for which the transfer of management is re-*  
 3        *quested under this section. The term includes one or*  
 4        *more contiguous buildings and an area of contiguous*  
 5        *row houses, but in the case of a single building, the*  
 6        *building shall be sufficiently separable from the re-*  
 7        *mainder of the development of which it is part to*  
 8        *make transfer of the management of the building fea-*  
 9        *sible for purposes of this section.*

10    ***SEC. 237. RESIDENT OPPORTUNITY PROGRAM.***

11        *(a) PURPOSE.—The purpose of this section is to en-*  
 12        *courage increased resident management of public housing*  
 13        *developments, as a means of improving existing living con-*  
 14        *ditions in public housing developments, by providing in-*  
 15        *creased flexibility for public housing developments that are*  
 16        *managed by residents by—*

17                *(1) permitting the retention, and use for certain*  
 18                *purposes, of any revenues exceeding operating and*  
 19                *project costs; and*

20                *(2) providing funding, from amounts otherwise*  
 21                *available, for technical assistance to promote forma-*  
 22                *tion and development of resident management enti-*  
 23                *ties.*

24        *For purposes of this section, the term “public housing devel-*  
 25        *opment” includes one or more contiguous buildings or an*



1 *area of contiguous row houses the elected resident councils*  
 2 *of which approve the establishment of a resident manage-*  
 3 *ment corporation and otherwise meet the requirements of*  
 4 *this section.*

5 *(b) PROGRAM REQUIREMENTS.—*

6 *(1) RESIDENT COUNCIL.—As a condition of en-*  
 7 *tering into a resident opportunity program, the elect-*  
 8 *ed resident council of a public housing development*  
 9 *shall approve the establishment of a resident manage-*  
 10 *ment corporation that complies with the requirements*  
 11 *of section 234(b)(2). When such approval is made by*  
 12 *the elected resident council of a building or row house*  
 13 *area, the resident opportunity program shall not*  
 14 *interfere with the rights of other families residing in*  
 15 *the development or harm the efficient operation of the*  
 16 *development. The resident management corporation*  
 17 *and the resident council may be the same organiza-*  
 18 *tion, if the organization complies with the require-*  
 19 *ments applicable to both the corporation and council.*

20 *(2) PUBLIC HOUSING MANAGEMENT SPECIAL-*  
 21 *IST.—The resident council of a public housing devel-*  
 22 *opment, in cooperation with the local housing and*  
 23 *management authority, shall select a qualified public*  
 24 *housing management specialist to assist in determin-*  
 25 *ing the feasibility of, and to help establish, a resident*

1        *management corporation and to provide training and*  
2        *other duties agreed to in the daily operations of the*  
3        *development.*

4            (3) *MANAGEMENT RESPONSIBILITIES.*—*A resi-*  
5        *dent management corporation that qualifies under*  
6        *this section, and that supplies insurance and bonding*  
7        *or equivalent protection sufficient to the Secretary*  
8        *and the local housing and management authority,*  
9        *shall enter into a contract with the authority estab-*  
10       *lishing the respective management rights and respon-*  
11       *sibilities of the corporation and the authority. The*  
12       *contract shall be treated as a contracting out of serv-*  
13       *ices and shall be subject to the requirements under*  
14       *section 234 for such contracts.*

15           (4) *ANNUAL AUDIT.*—*The books and records of a*  
16       *resident management corporation operating a public*  
17       *housing development shall be audited annually by a*  
18       *certified public accountant. A written report of each*  
19       *such audit shall be forwarded to the local housing and*  
20       *management authority and the Secretary.*

21           (c) *COMPREHENSIVE IMPROVEMENT ASSISTANCE.*—  
22       *Public housing developments managed by resident manage-*  
23       *ment corporations may be provided with modernization as-*  
24       *sistance from grant amounts under this title for purposes*  
25       *of renovating such developments. If such renovation activi-*

1 *ties (including the planning and architectural design of the*  
 2 *rehabilitation) are administered by a resident management*  
 3 *corporation, the local housing and management authority*  
 4 *involved may not retain, for any administrative or other*  
 5 *reason, any portion of the assistance provided pursuant to*  
 6 *this subsection unless otherwise provided by contract.*

7 *(d) WAIVER OF FEDERAL REQUIREMENTS.—*

8 *(1) WAIVER OF REGULATORY REQUIREMENTS.—*

9 *Upon the request of any resident management cor-*  
 10 *poration and local housing and management author-*  
 11 *ity, and after notice and an opportunity to comment*  
 12 *is afforded to the affected residents, the Secretary may*  
 13 *waive (for both the resident management corporation*  
 14 *and the local housing and management authority)*  
 15 *any requirement established by the Secretary (and not*  
 16 *specified in any statute) that the Secretary deter-*  
 17 *mines to unnecessarily increase the costs or restrict*  
 18 *the income of a public housing development.*

19 *(2) WAIVER TO PERMIT EMPLOYMENT.—Upon*  
 20 *the request of any resident management corporation,*  
 21 *the Secretary may, subject to applicable collective bar-*  
 22 *gaining agreements, permit residents of such develop-*  
 23 *ment to volunteer a portion of their labor.*

24 *(3) EXCEPTIONS.—The Secretary may not waive*  
 25 *under this subsection any requirement with respect to*

1 *income eligibility for purposes of section 222, rental*  
2 *payments under section 225, tenant or applicant pro-*  
3 *tections, employee organizing rights, or rights of em-*  
4 *ployees under collective bargaining agreements.*

5 *(e) OPERATING ASSISTANCE AND DEVELOPMENT IN-*  
6 *COME.—*

7 *(1) CALCULATION OF OPERATING SUBSIDY.—*  
8 *Subject only to the exception provided in paragraph*  
9 *(3), the amount grant amounts received under this*  
10 *title by a local housing and management authority*  
11 *used for operating costs under section 203(a)(2) that*  
12 *is allocated to a public housing development managed*  
13 *by a resident management corporation shall not be*  
14 *less than per unit monthly amount of such assistance*  
15 *used by the local housing and management authority*  
16 *in the previous year, as determined on an individual*  
17 *development basis.*

18 *(2) CONTRACT REQUIREMENTS.—Any contract*  
19 *for management of a public housing development en-*  
20 *tered into by a local housing and management au-*  
21 *thority and a resident management corporation shall*  
22 *specify the amount of income expected to be derived*  
23 *from the development itself (from sources such as*  
24 *rents and charges) and the amount of income funds*  
25 *to be provided to the development from the other*

1        *sources of income of the authority (such as operating*  
 2        *assistance under section 203(a), interest income, ad-*  
 3        *ministrative fees, and rents).*

4        *(f) RESIDENT MANAGEMENT TECHNICAL ASSISTANCE*  
 5        *AND TRAINING.—*

6                *(1) FINANCIAL ASSISTANCE.—To the extent budg-*  
 7        *et authority is available under this title, the Secretary*  
 8        *shall provide financial assistance to resident manage-*  
 9        *ment corporations or resident councils that obtain, by*  
 10       *contract or otherwise, technical assistance for the de-*  
 11       *velopment of resident management entities, including*  
 12       *the formation of such entities, the development of the*  
 13       *management capability of newly formed or existing*  
 14       *entities, the identification of the social support needs*  
 15       *of residents of public housing developments, and the*  
 16       *securing of such support.*

17               *(2) LIMITATION ON ASSISTANCE.—The financial*  
 18       *assistance provided under this subsection with respect*  
 19       *to any public housing development may not exceed*  
 20       *\$100,000.*

21               *(3) PROHIBITION.—A resident management cor-*  
 22       *poration or resident council may not, before the*  
 23       *award to the corporation or council of a grant*  
 24       *amount under this subsection, enter into any contract*  
 25       *or other agreement with any entity to provide such*

1        *entity with amounts from the grant for providing*  
 2        *technical assistance or carrying out other activities el-*  
 3        *igible for assistance with amounts under this sub-*  
 4        *section. Any such agreement entered into in violation*  
 5        *of this paragraph shall be void and unenforceable.*

6            (4) *FUNDING.—Of any amounts made available*  
 7        *for financial assistance under this title, the Secretary*  
 8        *may use to carry out this subsection \$15,000,000 for*  
 9        *fiscal year 1996.*

10           (5) *LIMITATION REGARDING ASSISTANCE UNDER*  
 11        *HOPE GRANT PROGRAM.—The Secretary may not pro-*  
 12        *vide financial assistance under this subsection to any*  
 13        *resident management corporation or resident council*  
 14        *with respect to which assistance for the development*  
 15        *or formation of such entity is provided under title III*  
 16        *of the United States Housing Act of 1937 (as in effect*  
 17        *before the date of the enactment of this Act).*

18           (g) *ASSESSMENT AND REPORT BY SECRETARY.—Not*  
 19        *later than 3 years after the date of the enactment of the*  
 20        *United States Housing Act of 1996, the Secretary shall—*

21           (1) *conduct an evaluation and assessment of*  
 22        *resident management, and particularly of the effect of*  
 23        *resident management on living conditions in public*  
 24        *housing; and*

1           (2) *submit to the Congress a report setting forth*  
 2           *the findings of the Secretary as a result of the evalua-*  
 3           *tion and assessment and including any recommenda-*  
 4           *tions the Secretary determines to be appropriate.*

5           (h) *APPLICABILITY.—Any management contract be-*  
 6           *tween a local housing and management authority and a*  
 7           *resident management corporation that is entered into after*  
 8           *the date of the enactment of the Stewart B. McKinney*  
 9           *Homeless Assistance Amendments Act of 1988 shall be sub-*  
 10          *ject to this section and any regulations issued to carry out*  
 11          *this section.*

## 12           ***Subtitle D—Homeownership***

### 13          ***SEC. 251. RESIDENT HOMEOWNERSHIP PROGRAMS.***

14          (a) *IN GENERAL.—A local housing and management*  
 15          *authority may carry out a homeownership program in ac-*  
 16          *cordance with this section and the local housing manage-*  
 17          *ment plan of the authority to make public housing dwelling*  
 18          *units, public housing developments, and other housing*  
 19          *projects available for purchase by low-income families.*

20          (b) *PARTICIPATING UNITS.—A program under this*  
 21          *section may cover any existing public housing dwelling*  
 22          *units or projects, and may include other dwelling units and*  
 23          *housing owned, operated, or assisted, or otherwise acquired*  
 24          *for use under such program, by the local housing and man-*  
 25          *agement authority.*

1       (c) *ELIGIBLE PURCHASERS.*—

2               (1) *LOW-INCOME REQUIREMENT.*—Only low-in-  
3       come families assisted by a local housing and man-  
4       agement authority, other low-income families, and en-  
5       tities formed to facilitate such sales shall be eligible  
6       to purchase housing under a homeownership program  
7       under this section.

8               (2) *OTHER REQUIREMENTS.*—A local housing  
9       and management authority may establish other re-  
10      quirements or limitations for families to purchase  
11      housing under a homeownership program under this  
12      section, including requirements or limitations regard-  
13      ing employment or participation in employment  
14      counseling or training activities, criminal activity,  
15      participation in homeownership counseling programs,  
16      evidence of regular income, and other requirements.

17      (d) *FINANCING AND ASSISTANCE.*—A homeownership  
18      program under this section may provide financing for ac-  
19      quisition of housing by families purchasing under the pro-  
20      gram or by the local housing and management authority  
21      for sale under this program in any manner considered ap-  
22      propriate by the authority (including sale to a resident  
23      management corporation).

24      (e) *DOWNPAYMENT REQUIREMENT.*—



1           (1) *IN GENERAL.*—Each family purchasing hous-  
2           ing under a homeownership program under this sec-  
3           tion shall be required to provide from its own re-  
4           sources a downpayment in connection with any loan  
5           for acquisition of the housing, in an amount deter-  
6           mined by the local housing and management author-  
7           ity. Except as provided in paragraph (2), the author-  
8           ity shall permit the family to use grant amounts,  
9           gifts from relatives, contributions from private  
10          sources, and similar amounts as downpayment  
11          amounts in such purchase,

12          (2) *DIRECT FAMILY CONTRIBUTION.*—In pur-  
13          chasing housing pursuant to this section, each family  
14          shall contribute an amount of the downpayment, from  
15          resources of the family other than grants, gifts, con-  
16          tributions, or other similar amounts referred to in  
17          paragraph (1), that is not less than 1 percent of the  
18          purchase price.

19          (f) *OWNERSHIP INTERESTS.*—A homeownership pro-  
20          gram under this section may provide for sale to the pur-  
21          chasing family of any ownership interest that the local  
22          housing and management authority considers appropriate  
23          under the program, including ownership in fee simple, a  
24          condominium interest, an interest in a limited dividend co-

1 *operative, a shared appreciation interest with a local hous-*  
 2 *ing and management authority providing financing.*

3 *(g) RESALE.—*

4 *(1) AUTHORITY AND LIMITATION.—A home-*  
 5 *ownership program under this section shall permit*  
 6 *the resale of a dwelling unit purchased under the pro-*  
 7 *gram by an eligible family, but shall provide such*  
 8 *limitations on resale as the authority considers ap-*  
 9 *propriate for the authority to recapture—*

10 *(A) from any economic gain derived from*  
 11 *any such resale occurring during the 5-year pe-*  
 12 *riod beginning upon purchase of the dwelling*  
 13 *unit by the eligible family, a portion of the*  
 14 *amount of any financial assistance provided*  
 15 *under the program by the authority to the eligi-*  
 16 *ble family; and*

17 *(B) after the expiration of such 5-year pe-*  
 18 *riod, only such amounts as are equivalent to the*  
 19 *assistance provided under this section by the au-*  
 20 *thority to the purchaser.*

21 *(2) CONSIDERATIONS.—The limitations referred*  
 22 *to in paragraph (1) may provide for consideration of*  
 23 *the aggregate amount of assistance provided under the*  
 24 *program to the family, the contribution to equity pro-*  
 25 *vided by the purchasing eligible family, the period of*

1        *time elapsed between purchase under the homeowner-*  
 2        *ship program and resale, the reason for resale, any*  
 3        *improvements to the property made by the eligible*  
 4        *family, any appreciation in the value of the property,*  
 5        *and any other factors that the authority considers ap-*  
 6        *propriate.*

7        *(h) INAPPLICABILITY OF DISPOSITION REQUIRE-*  
 8        *MENTS.—The provisions of section 261 shall not apply to*  
 9        *disposition of public housing dwelling units under a home-*  
 10       *ownership program under this section, except that any*  
 11       *dwelling units sold under such a program shall be treated*  
 12       *as public housing dwelling units for purposes of subsections*  
 13       *(e) and (f) of section 261.*

14       ***Subtitle E—Disposition, Demolition,***  
 15       ***and Revitalization of Developments***

16       ***SEC. 261. REQUIREMENTS FOR DEMOLITION AND DISPOSI-***  
 17       ***TION OF DEVELOPMENTS.***

18       *(a) AUTHORITY AND FLEXIBILITY.—A local housing*  
 19       *and management authority may demolish, dispose of, or de-*  
 20       *molish and dispose of nonviable or nonmarketable public*  
 21       *housing developments of the authority in accordance with*  
 22       *this section.*

23       *(b) LOCAL HOUSING MANAGEMENT PLAN REQUIRE-*  
 24       *MENT.—A local housing and management authority may*  
 25       *take any action to demolish or dispose of a public housing*

1 *development (or a portion of a development) only if such*  
2 *demolition or disposition complies with the provisions of*  
3 *this section and is in accordance with the local housing*  
4 *management plan for the authority.*

5 *(c) PURPOSE OF DEMOLITION OR DISPOSITION.—A*  
6 *local housing and management authority may demolish or*  
7 *dispose of a public housing development (or portion of a*  
8 *development) only if the authority provides sufficient evi-*  
9 *dence to the Secretary that—*

10 *(1) the development (or portion thereof) is se-*  
11 *verely distressed or obsolete;*

12 *(2) the development (or portion thereof) is in a*  
13 *location making it unsuitable for housing purposes;*

14 *(3) the development (or portion thereof) has de-*  
15 *sign or construction deficiencies that make cost-effec-*  
16 *tive rehabilitation infeasible;*

17 *(4) assuming that reasonable rehabilitation and*  
18 *management intervention for the development has*  
19 *been completed and paid for, the anticipated revenue*  
20 *that would be derived from charging market-based*  
21 *rents for units in the development (or portion thereof)*  
22 *would not cover the anticipated operating costs and*  
23 *replacement reserves of the development (or portion)*  
24 *at full occupancy and the development (or portion)*

1        *would constitute a substantial burden on the resources*  
2        *of the local housing and management authority;*

3            *(5) retention of the development (or portion*  
4        *thereof) is not in the best interests of the residents of*  
5        *the local housing and management authority be-*  
6        *cause—*

7            *(A) developmental changes in the area sur-*  
8        *rounding the development adversely affect the*  
9        *health or safety of the residents or the feasible*  
10       *operation of the development by the local housing*  
11       *and management authority;*

12           *(B) demolition or disposition will allow the*  
13       *acquisition, development, or rehabilitation of*  
14       *other properties which will be more efficiently or*  
15       *effectively operated as low-income housing; or*

16           *(C) other factors exist that the authority de-*  
17       *termines are consistent with the best interests of*  
18       *the residents and the authority and not incon-*  
19       *sistent with other provisions of this Act;*

20           *(6) in the case only of demolition or disposition*  
21       *of a portion of a development, the demolition or dis-*  
22       *position will help to ensure the remaining useful life*  
23       *of the remainder of the development; or*

24           *(7) in the case only of property other than dwell-*  
25       *ing units—*

1                   (A) the property is excess to the needs of a  
2                   development; or

3                   (B) the demolition or disposition is inciden-  
4                   tal to, or does not interfere with, continued oper-  
5                   ation of a development.

6           (d) CONSULTATION.—A local housing and manage-  
7   ment authority may demolish or dispose of a public housing  
8   development (or portion of a development) only if the au-  
9   thority notifies and confers regarding the demolition or dis-  
10   position with—

11                   (1) the residents of the development (or portion);  
12                   and

13                   (2) appropriate local government officials.

14           (e) USE OF PROCEEDS.—Any net proceeds from the  
15   disposition of a public housing development (or portion of  
16   a development) shall be used for—

17                   (1) housing assistance for low-income families  
18                   that is consistent with the low-income housing needs  
19                   of the community, through acquisition, development,  
20                   or rehabilitation of, or homeownership programs for,  
21                   other low-income housing or the provision of choice-  
22                   based assistance under title III for such families;

23                   (2) supportive services relating to job training or  
24                   child care for residents of a development or develop-  
25                   ments; or

1           (3) *leveraging amounts for securing commercial*  
 2           *enterprises, on-site in public housing developments of*  
 3           *the local housing and management authority, appro-*  
 4           *priate to serve the needs of the residents.*

5           (f) *RELOCATION.*—*A local housing and management*  
 6           *authority that demolishes or disposes of a public housing*  
 7           *development (or portion of a development thereof) shall en-*  
 8           *sure that—*

9                   (1) *each family that is a resident of the develop-*  
 10           *ment (or portion) that is demolished or disposed of is*  
 11           *relocated to other safe, clean, healthy, and affordable*  
 12           *housing, which is, to the maximum extent practicable,*  
 13           *housing of the family’s choice or is provided with*  
 14           *choice-based assistance under title III;*

15                   (2) *the local housing and management authority*  
 16           *does not take any action to dispose of any unit until*  
 17           *any resident to be displaced is relocated in accordance*  
 18           *with paragraph (1); and*

19                   (3) *each resident family to be displaced is paid*  
 20           *relocation expenses, and the rent to be paid initially*  
 21           *by the resident following relocation does not exceed the*  
 22           *amount permitted under section 225(a).*

23           (g) *RIGHT OF FIRST REFUSAL FOR RESIDENT ORGA-*  
 24           *NIZATIONS AND RESIDENT MANAGEMENT CORPORA-*  
 25           *TIONS.*—

1           (1) *IN GENERAL.*—A local housing and manage-  
2           ment authority may not dispose of a public housing  
3           development (or portion of a development) unless the  
4           authority has, before such disposition, offered to sell  
5           the property, as provided in this subsection, to each  
6           resident organization and resident management cor-  
7           poration operating at the development for continued  
8           use as low-income housing, and no such organization  
9           or corporation purchases the property pursuant to  
10          such offer. A resident organization may act, for pur-  
11          poses of this subsection, through an entity formed to  
12          facilitate homeownership under subtitle D.

13          (2) *TIMING.*—Disposition of a development (or  
14          portion thereof) under this section may not take  
15          place—

16                (A) before the expiration of the period dur-  
17                ing which any such organization or corporation  
18                may notify the authority of interest in purchas-  
19                ing the property, which shall be the 30-day pe-  
20                riod beginning on the date that the authority  
21                first provides notice of the proposed disposition  
22                of the property to such resident organizations  
23                and resident management corporations;

24                (B) if an organization or corporation sub-  
25                mits notice of interest in accordance with sub-



1 paragraph (A), before the expiration of the pe-  
2 riod during which such organization or corpora-  
3 tion may obtain a commitment for financing to  
4 purchase the property, which shall be the 60-day  
5 period beginning upon the submission to the au-  
6 thority of the notice of interest; or

7 (C) if, during the period under subpara-  
8 graph (B), an organization or corporation ob-  
9 tains such financing commitment and makes a  
10 bona fide offer to the authority to purchase the  
11 property for a price equal to or exceeding the ap-  
12 plicable offer price under paragraph (3).

13 The authority shall sell the property pursuant to any  
14 purchase offer described in subparagraph (C).

15 (3) *TERMS OF OFFER.*—An offer by a local hous-  
16 ing and management authority to sell a property in  
17 accordance with this subsection shall involve a pur-  
18 chase price that reflects the market value of the prop-  
19 erty, the reason for the sale, the impact of the sale on  
20 the surrounding community, and any other factors  
21 that the authority considers appropriate.

22 (h) *INFORMATION FOR LOCAL HOUSING MANAGEMENT*  
23 *PLAN.*—A local housing and management authority may  
24 demolish or dispose of a public housing development (or  
25 portion thereof) only if it includes in the applicable local

1 *housing management plan information sufficient to de-*  
 2 *scribe—*

3           (1) *the housing to be demolished or disposed of;*

4           (2) *the purpose of the demolition or disposition*  
 5 *under subsection (c) and why the demolition or dis-*  
 6 *position complies with the requirements under sub-*  
 7 *section (c);*

8           (3) *how the consultations required under sub-*  
 9 *section (d) will be made;*

10           (4) *how the net proceeds of the disposition will*  
 11 *be used in accordance with subsection (e);*

12           (5) *how the authority will relocate residents, if*  
 13 *necessary, as required under subsection (f); and*

14           (6) *that the authority has offered the property*  
 15 *for acquisition by resident organizations and resident*  
 16 *management corporations in accordance with sub-*  
 17 *section (g).*

18       (i) *SITE AND NEIGHBORHOOD STANDARDS EXEMP-*  
 19 *TION.—Notwithstanding any other provision of law, a local*  
 20 *housing and management authority may provide for devel-*  
 21 *opment of public housing dwelling units on the same site*  
 22 *or in the same neighborhood as any dwelling units demol-*  
 23 *ished, pursuant to a plan under this section, but only if*  
 24 *such development provides for significantly fewer dwelling*  
 25 *units.*

1       (j) *TREATMENT OF REPLACEMENT UNITS.*—*In connec-*  
 2 *tion with any demolition or disposition of public housing*  
 3 *under this section, a local housing and management author-*  
 4 *ity may provide for other housing assistance for low-income*  
 5 *families that is consistent with the low-income housing*  
 6 *needs of the community, including—*

7               (1) *the provision of choice-based assistance under*  
 8 *title III; and*

9               (2) *the development, acquisition, or lease by the*  
 10 *authority of dwelling units, which dwelling units*  
 11 *shall—*

12                       (A) *be eligible to receive assistance with*  
 13 *grant amounts provided under this title; and*

14                       (B) *be made available for occupancy, oper-*  
 15 *ated, and managed in the manner required for*  
 16 *public housing, and subject to the other require-*  
 17 *ments applicable to public housing dwelling*  
 18 *units.*

19       (k) *PERMISSIBLE RELOCATION WITHOUT PLAN.*—*If a*  
 20 *local housing and management authority determines that*  
 21 *public housing dwelling units are not clean, safe, and*  
 22 *healthy or cannot be maintained cost-effectively in a clean,*  
 23 *safe, and healthy condition, the local housing and manage-*  
 24 *ment authority may relocate residents of such dwelling*

1 *units before the submission of a local housing management*  
2 *plan providing for demolition or disposition of such units.*

3 *(l) CONSOLIDATION OF OCCUPANCY WITHIN OR AMONG*  
4 *BUILDINGS.—Nothing in this section may be construed to*  
5 *prevent a local housing and management authority from*  
6 *consolidating occupancy within or among buildings of a*  
7 *public housing development, or among developments, or*  
8 *with other housing for the purpose of improving living con-*  
9 *ditions of, or providing more efficient services to, residents.*

10 *(m) DE MINIMIS EXCEPTION TO DEMOLITION RE-*  
11 *QUIREMENTS.—Notwithstanding any other provision of this*  
12 *section, in any 5-year period a local housing and manage-*  
13 *ment authority may demolish not more than the lesser of*  
14 *5 dwelling units or 5 percent of the total dwelling units*  
15 *owned and operated by the local housing and management*  
16 *authority, without providing for such demolition in a local*  
17 *housing management plan, but only if the space occupied*  
18 *by the demolished unit is used for meeting the service or*  
19 *other needs of public housing residents or the demolished*  
20 *unit was beyond repair.*

1 **SEC. 262. DEMOLITION, SITE REVITALIZATION, REPLACE-**  
2 **MENT HOUSING, AND CHOICE-BASED ASSIST-**  
3 **ANCE GRANTS FOR DEVELOPMENTS.**

4 (a) *PURPOSES.*—*The purpose of this section is to pro-*  
5 *vide assistance to local housing and management authori-*  
6 *ties for the purposes of—*

7 (1) *reducing the density and improving the liv-*  
8 *ing environment for public housing residents of se-*  
9 *verely distressed public housing developments through*  
10 *the demolition of obsolete public housing developments*  
11 *(or portions thereof);*

12 (2) *revitalizing sites (including remaining public*  
13 *housing dwelling units) on which such public housing*  
14 *developments are located and contributing to the im-*  
15 *provement of the surrounding neighborhood; and*

16 (3) *providing housing that will avoid or decrease*  
17 *the concentration of very low-income families; and*

18 (4) *providing choice-based assistance in accord-*  
19 *ance with title III for the purpose of providing re-*  
20 *placement housing and assisting residents to be dis-*  
21 *placed by the demolition.*

22 (b) *GRANT AUTHORITY.*—*The Secretary may make*  
23 *grants available to local housing and management authori-*  
24 *ties as provided in this section.*

25 (c) *CONTRIBUTION REQUIREMENT.*—*The Secretary*  
26 *may not make any grant under this section to any appli-*

1 cant unless the applicant certifies to the Secretary that the  
 2 applicant will supplement the amount of assistance pro-  
 3 vided under this section with an amount of funds from  
 4 sources other than this section equal to not less than 5 per-  
 5 cent of the amount provided under this section, including  
 6 amounts from other Federal sources, any State or local gov-  
 7 ernment sources, any private contributions, and the value  
 8 of any in-kind services or administrative costs provided.

9 (d) *ELIGIBLE ACTIVITIES.*—Grants under this section  
 10 may be used for activities to carry out revitalization pro-  
 11 grams for severely distressed public housing, including—

12 (1) architectural and engineering work, includ-  
 13 ing the redesign, reconstruction, or redevelopment of  
 14 a severely distressed public housing development, in-  
 15 cluding the site on which the development is located;

16 (2) the demolition, sale, or lease of the site, in  
 17 whole or in part;

18 (3) covering the administrative costs of the ap-  
 19 plicant, which may not exceed such portion of the as-  
 20 sistance provided under this section as the Secretary  
 21 may prescribe;

22 (4) payment of reasonable legal fees;

23 (5) providing reasonable moving expenses for  
 24 residents displaced as a result of the revitalization of  
 25 the development;

1           (6) *economic development activities that promote*  
 2           *the economic self-sufficiency of residents under the re-*  
 3           *vitalization program;*

4           (7) *necessary management improvements;*

5           (8) *leveraging other resources, including addi-*  
 6           *tional housing resources, retail supportive services,*  
 7           *jobs, and other economic development uses on or near*  
 8           *the development that will benefit future residents of*  
 9           *the site;*

10          (9) *replacement housing and housing assistance*  
 11          *under title III;*

12          (10) *transitional security activities; and*

13          (11) *necessary supportive services, except that*  
 14          *not more than 10 percent of the amount of any grant*  
 15          *may be used for activities under this paragraph.*

16          (e) *APPLICATION AND SELECTION.—*

17           (1) *APPLICATION.—An application for a grant*  
 18           *under this section shall contain such information and*  
 19           *shall be submitted at such time and in accordance*  
 20           *with such procedures, as the Secretary shall prescribe.*

21           (2) *SELECTION CRITERIA.—The Secretary shall*  
 22           *establish selection criteria for the award of grants*  
 23           *under this section, which shall include—*

24                   (A) *the relationship of the grant to the local*  
 25                   *housing management plan for the local housing*

1        *and management authority and how the grant*  
2        *will result in a revitalized site that will enhance*  
3        *the neighborhood in which the development is lo-*  
4        *cated;*

5                *(B) the capability and record of the appli-*  
6        *cant local housing and management authority,*  
7        *or any alternative management agency for the*  
8        *authority, for managing large-scale redevelop-*  
9        *ment or modernization projects, meeting con-*  
10       *struction timetables, and obligating amounts in*  
11       *a timely manner;*

12               *(C) the extent to which the local housing*  
13       *and management authority could undertake such*  
14       *activities without a grant under this section;*

15               *(D) the extent of involvement of residents,*  
16       *State and local governments, private service pro-*  
17       *viders, financing entities, and developers, in the*  
18       *development of a revitalization program for the*  
19       *development;*

20               *(E) the amount of funds and other resources*  
21       *to be leveraged by the grant; and*

22               *(F) whether the applicant local housing and*  
23       *management authority has been awarded a plan-*  
24       *ning grant under section 24(c) of the United*  
25       *States Housing Act of 1937 (as in effect imme-*



1           *diately before the date of the enactment of this*  
 2           *Act).*

3           (f) *COST LIMITS.*—*Subject to the provisions of this sec-*  
 4           *tion, the Secretary—*

5                 (1) *shall establish cost limits on eligible activities*  
 6                 *under this section sufficient to provide for effective re-*  
 7                 *vitalization programs; and*

8                 (2) *may establish other cost limits on eligible ac-*  
 9                 *tivities under this section.*

10           (h) *DEMOLITION AND REPLACEMENT.*—*Any severely*  
 11           *distressed public housing demolished or disposed of pursu-*  
 12           *ant to a revitalization plan and any public housing pro-*  
 13           *duced in lieu of such severely distressed housing, shall be*  
 14           *subject to the provisions of section 261.*

15           (i) *ADMINISTRATION BY OTHER ENTITIES.*—*The Sec-*  
 16           *retary may require a grantee under this section to make*  
 17           *arrangements satisfactory to the Secretary for use of an en-*  
 18           *tity other than the local housing and management authority*  
 19           *to carry out activities assisted under the revitalization*  
 20           *plan, if the Secretary determines that such action will help*  
 21           *to effectuate the purposes of this section.*

22           (j) *WITHDRAWAL OF FUNDING.*—*If a grantee under*  
 23           *this section does not proceed expeditiously, in the deter-*  
 24           *mination of the Secretary, the Secretary shall withdraw*  
 25           *any grant amounts under this section that have not been*

1 *obligated by the local housing and management authority.*  
 2 *The Secretary shall redistribute any withdrawn amounts*  
 3 *to one or more local housing and management authorities*  
 4 *eligible for assistance under this section.*

5 *(k) DEFINITIONS.—For purposes of this section, the*  
 6 *following definitions shall apply:*

7 *(1) APPLICANT.—The term “applicant” means—*

8 *(A) any local housing and management au-*  
 9 *thority that is not designated as troubled pursu-*  
 10 *ant to section 431(a)(2)(D);*

11 *(B) any local housing and management au-*  
 12 *thority or private housing management agent se-*  
 13 *lected, or receiver appointed pursuant, to section*  
 14 *438; and*

15 *(C) any local housing and management au-*  
 16 *thority that is designated as troubled pursuant*  
 17 *to section 431(a)(2)(D) that—*

18 *(i) is so designated principally for rea-*  
 19 *sons that will not affect the capacity of the*  
 20 *authority to carry out a revitalization pro-*  
 21 *gram;*

22 *(ii) is making substantial progress to-*  
 23 *ward eliminating the deficiencies of the au-*  
 24 *thority; or*

1                   (iii) is otherwise determined by the  
 2                   Secretary to be capable of carrying out a re-  
 3                   vitalization program.

4                   (2) *PRIVATE NONPROFIT CORPORATION.*—The  
 5                   term “private nonprofit organization” means any  
 6                   private nonprofit organization (including a State or  
 7                   locally chartered nonprofit organization) that—

8                   (A) is incorporated under State or local  
 9                   law;

10                  (B) has no part of its net earnings inuring  
 11                  to the benefit of any member, founder, contribu-  
 12                  tor, or individual;

13                  (C) complies with standards of financial ac-  
 14                  countability acceptable to the Secretary; and

15                  (D) has among its purposes significant ac-  
 16                  tivities related to the provision of decent housing  
 17                  that is affordable to very low-income families.

18                  (3) *SEVERELY DISTRESSED PUBLIC HOUSING.*—  
 19                  The term “severely distressed public housing” means  
 20                  a public housing development (or building in a devel-  
 21                  opment)—

22                  (A) that requires major redesign, recon-  
 23                  struction or redevelopment, or partial or total  
 24                  demolition, to correct serious deficiencies in the  
 25                  original design (including inappropriately high

1        *population density), deferred maintenance, phys-*  
2        *ical deterioration or obsolescence of major sys-*  
3        *tems and other deficiencies in the physical plant*  
4        *of the development;*

5                *(B) is a significant contributing factor to*  
6        *the physical decline of and disinvestment by*  
7        *public and private entities in the surrounding*  
8        *neighborhood;*

9                *(C)(i) is occupied predominantly by fami-*  
10        *lies who are very low-income families with chil-*  
11        *dren, are unemployed, and dependent on various*  
12        *forms of public assistance; and*

13                *(ii) has high rates of vandalism and crimi-*  
14        *nal activity (including drug-related criminal ac-*  
15        *tivity) in comparison to other housing in the*  
16        *area;*

17                *(D) cannot be revitalized through assistance*  
18        *under other programs, such as the public housing*  
19        *block grant program under this title, or the pro-*  
20        *grams under sections 9 and 14 of the United*  
21        *States Housing Act of 1937 (as in effect before*  
22        *the date of the enactment of this Act), because of*  
23        *cost constraints and inadequacy of available*  
24        *amounts; and*

1           (E) in the case of individual buildings, the  
2           building is, in the Secretary's determination,  
3           sufficiently separable from the remainder of the  
4           development of which the building is part to  
5           make use of the building feasible for purposes of  
6           this section.

7           (4) *SUPPORTIVE SERVICES*.—The term “support-  
8           ive services” includes all activities that will promote  
9           upward mobility, self-sufficiency, and improved qual-  
10          ity of life for the residents of the public housing devel-  
11          opment involved, including literacy training, job  
12          training, day care, and economic development activi-  
13          ties.

14          (l) *ANNUAL REPORT*.—The Secretary shall submit to  
15          the Congress an annual report setting forth—

16               (1) the number, type, and cost of public housing  
17               units revitalized pursuant to this section;

18               (2) the status of developments identified as se-  
19               verely distressed public housing;

20               (3) the amount and type of financial assistance  
21               provided under and in conjunction with this section;  
22               and

23               (4) the recommendations of the Secretary for  
24               statutory and regulatory improvements to the pro-  
25               gram established by this section.

1 (m) *FUNDING.*—

2 (1) *AUTHORIZATION OF APPROPRIATIONS.*—

3 *There are authorized to be appropriated for grants*  
 4 *under this section such sums as may be necessary for*  
 5 *fiscal year 1996.*

6 (2) *TECHNICAL ASSISTANCE.*—*Of the amount ap-*  
 7 *propriated pursuant to paragraph (1) for any fiscal*  
 8 *year, the Secretary may use not more than 0.50 per-*  
 9 *cent for technical assistance. Such assistance may be*  
 10 *provided directly or indirectly by grants, contracts, or*  
 11 *cooperative agreements, and shall include training,*  
 12 *and the cost of necessary travel for participants in*  
 13 *such training, by or to officials of the Department of*  
 14 *Housing and Urban Development, of local housing*  
 15 *and management authorities, and of residents.*

16 (n) *SUNSET.*—*No assistance may be provided under*  
 17 *this section after September 30, 1996.*

## 18 ***Subtitle F—General Provisions***

### 19 ***SEC. 271. CONVERSION TO BLOCK GRANT ASSISTANCE.***

20 (a) *SAVINGS PROVISIONS.*—*Any amounts made avail-*  
 21 *able to a public housing agency for assistance for public*  
 22 *housing pursuant to the United States Housing Act of 1937*  
 23 *(or any other provision of law relating to assistance for*  
 24 *public housing) under an appropriation for fiscal year*  
 25 *1996 or any previous fiscal year shall be subject to the pro-*

1 *visions of such Act as in effect before the enactment of this*  
 2 *Act, notwithstanding the repeals made by this Act, except*  
 3 *to the extent the Secretary provides otherwise to provide for*  
 4 *the conversion of public housing and public housing assist-*  
 5 *ance to the system provided under this Act.*

6       **(b) MODIFICATIONS.**—*Notwithstanding any provision*  
 7 *of this Act or any annual contributions contract or other*  
 8 *agreement entered into by the Secretary and a public hous-*  
 9 *ing agency pursuant to the provisions of the United States*  
 10 *Housing Act of 1937 (as in effect before the enactment of*  
 11 *this Act), the Secretary and the agency may by mutual con-*  
 12 *sent amend, supersede, modify any such agreement as ap-*  
 13 *propriate to provide for assistance under this title, except*  
 14 *that the Secretary and the agency may not consent to any*  
 15 *such amendment, supersession, or modification that sub-*  
 16 *stantially alters any outstanding obligations requiring con-*  
 17 *tinued maintenance of the low-income character of any pub-*  
 18 *lic housing development and any such amendment,*  
 19 *supersession, or modification shall not be given effect.*

20 **SEC. 272. PAYMENT OF NON-FEDERAL SHARE.**

21       *Rental or use-value of buildings or facilities paid for,*  
 22 *in whole or in part, from production, modernization, or op-*  
 23 *eration costs financed under this title may be used as the*  
 24 *non-Federal share required in connection with activities*  
 25 *undertaken under Federal grant-in-aid programs which*

1 *provide social, educational, employment, and other services*  
 2 *to the residents in a project assisted under this title.*

3 ***SEC. 273. DEFINITIONS.***

4 *For purposes of this title, the following definitions*  
 5 *shall apply:*

6 (1) *ACQUISITION COST.*—*The term “acquisition*  
 7 *cost” means the amount prudently expended by a*  
 8 *local housing and management authority in acquir-*  
 9 *ing property for a public housing development.*

10 (2) *DEVELOPMENT.*—*The terms “public housing*  
 11 *development” and “development” mean—*

12 (A) *public housing; and*

13 (B) *the improvement of any such housing.*

14 (3) *ELIGIBLE LOCAL HOUSING AND MANAGEMENT*  
 15 *AUTHORITY.*—*The term “eligible local housing and*  
 16 *management authority” means, with respect to a fis-*  
 17 *cal year, a local housing and management authority*  
 18 *that is eligible under section 202(b) for a grant under*  
 19 *this title.*

20 (4) *GROUP HOME AND INDEPENDENT LIVING FA-*  
 21 *CILITY.*—*The terms “group home” and “independent*  
 22 *living facility” have the meanings given such terms*  
 23 *in section 811(k) of the Cranston-Gonzalez National*  
 24 *Affordable Housing Act.*



1           (5) *OPERATION.*—The term “operation” means  
2           any or all undertakings appropriate for management,  
3           operation, services, maintenance, security (including  
4           the cost of security personnel), or financing in connec-  
5           tion with a public housing development, including the  
6           financing of resident programs and services.

7           (6) *PRODUCTION.*—The term “production”  
8           means any or all undertakings necessary for plan-  
9           ning, land acquisition, financing, demolition, con-  
10          struction, or equipment, in connection with the con-  
11          struction, acquisition, or rehabilitation of a property  
12          for use as a public housing development, including  
13          activity in connection with a public housing develop-  
14          ment that is confined to the reconstruction, remodel-  
15          ing, or repair of existing buildings.

16          (7) *PRODUCTION COST.*—The term “production  
17          cost” means the costs incurred by a local housing and  
18          management authority for production of public hous-  
19          ing and the necessary financing for production (in-  
20          cluding the payment of carrying charges and acquisi-  
21          tion costs).

22          (8) *RESIDENT COUNCIL.*—The term “resident  
23          council” means an organization or association that  
24          meets the requirements of section 234(a).

1           (9) *RESIDENT MANAGEMENT CORPORATION.*—  
2       *The term “resident management corporation” means*  
3       *a corporation that meets the requirements of section*  
4       *234(b).*

5           (10) *RESIDENT PROGRAM.*—*The term “resident*  
6       *programs and services” means programs and services*  
7       *for families residing in public housing developments.*  
8       *Such term includes (A) the development and mainte-*  
9       *nance of resident organizations which participate in*  
10      *the management of public housing developments, (B)*  
11      *the training of residents to manage and operate the*  
12      *public housing development and the utilization of*  
13      *their services in management and operation of the de-*  
14      *velopment, (C) counseling on household management,*  
15      *housekeeping, budgeting, money management, home-*  
16      *ownership issues, child care, and similar matters, (D)*  
17      *advice regarding resources for job training and place-*  
18      *ment, education, welfare, health, and other commu-*  
19      *nity services, (E) services that are directly related to*  
20      *meeting resident needs and providing a wholesome*  
21      *living environment; and (F) referral to appropriate*  
22      *agencies in the community when necessary for the*  
23      *provision of such services. To the maximum extent*  
24      *available and appropriate, existing public and pri-*

1        *vate agencies in the community shall be used for the*  
2        *provision of such services.*

3        **SEC. 274. AUTHORIZATION OF APPROPRIATIONS FOR**  
4        **BLOCK GRANTS.**

5        *There is authorized to be appropriated, for block grants*  
6        *under this title, \$6,300,000,000 for each of fiscal years*  
7        *1996, 1997, 1998, 1999, and 2000.*

8        **SEC. 275. AUTHORIZATION OF APPROPRIATIONS FOR OPER-**  
9        **ATION SAFE HOME.**

10        *There is authorized to be appropriated, for assistance*  
11        *for relocating residents of public housing under the oper-*  
12        *ation safe home program of the Department of Housing and*  
13        *Urban Development (including assistance for costs of relo-*  
14        *cation and housing assistance under title III), \$700,000 for*  
15        *each of fiscal years 1996, 1997, 1998, 1999, and 2000. The*  
16        *Secretary shall provide that families who are residing in*  
17        *public housing, who have been subject to domestic violence,*  
18        *and for whom provision of assistance is likely to reduce or*  
19        *eliminate the threat of subsequent violence to the members*  
20        *of the family, shall be eligible for assistance under the oper-*  
21        *ation safe home program.*

1 ***TITLE III—CHOICE-BASED RENT-***  
 2 ***AL HOUSING AND HOME-***  
 3 ***OWNERSHIP ASSISTANCE FOR***  
 4 ***LOW-INCOME FAMILIES***

5 ***Subtitle A—Allocation***

6 ***SEC. 301. AUTHORITY TO PROVIDE HOUSING ASSISTANCE***  
 7 ***AMOUNTS.***

8 *To the extent that amounts to carry out this title are*  
 9 *made available, the Secretary may enter into contracts with*  
 10 *local housing and management authorities for each fiscal*  
 11 *year to provide housing assistance under this title.*

12 ***SEC. 302. CONTRACTS WITH LHMA'S.***

13 *(a) CONDITION OF ASSISTANCE.—The Secretary may*  
 14 *provide amounts under this title to a local housing and*  
 15 *management authority for a fiscal year only if the Sec-*  
 16 *retary has entered into a contract under this section with*  
 17 *the local housing and management authority, under which*  
 18 *the Secretary shall provide such authority with amounts*  
 19 *(in the amount of the allocation for the authority deter-*  
 20 *mined pursuant to section 304) for housing assistance*  
 21 *under this title for low-income families.*

22 *(b) USE FOR HOUSING ASSISTANCE.—A contract*  
 23 *under this section shall require a local housing and man-*  
 24 *agement authority to use amounts provided under this title*

1 *to provide housing assistance in any manner authorized*  
 2 *under this title.*

3 (c) *ANNUAL OBLIGATION OF AUTHORITY.*—*A contract*  
 4 *under this title shall provide amounts for housing assistance*  
 5 *for 1 fiscal year covered by the contract.*

6 (d) *ENFORCEMENT OF HOUSING QUALITY REQUIRE-*  
 7 *MENTS.*—*Each contract under this section shall require the*  
 8 *local housing and management authority administering as-*  
 9 *sistance provided under the contract—*

10 (1) *to ensure compliance, under each housing as-*  
 11 *sistance payments contract entered into pursuant to*  
 12 *the contract under this section, with the provisions of*  
 13 *the housing assistance payments contract included*  
 14 *pursuant to section 351(c)(4); and*

15 (2) *to establish procedures for assisted families to*  
 16 *notify the authority of any noncompliance with such*  
 17 *provisions.*

18 **SEC. 303. ELIGIBILITY OF LHMA'S FOR ASSISTANCE**  
 19 **AMOUNTS.**

20 *The Secretary may provide amounts available for*  
 21 *housing assistance under this title to a local housing and*  
 22 *management authority only if—*

23 (1) *the authority has submitted a local housing*  
 24 *management plan to the Secretary for such fiscal year*  
 25 *and applied to the Secretary for such assistance;*

1           (2) *the plan has been determined to comply with*  
2           *the requirements under section 107 and the Secretary*  
3           *has not notified the authority that the plan fails to*  
4           *comply with such requirements;*

5           (3) *the authority is accredited under section 433*  
6           *by the Housing Foundation and Accreditation Board;*

7           (5) *no member of the board of directors or other*  
8           *governing body of the authority, or the executive di-*  
9           *rector, has been convicted of a felony; and*

10          (6) *the authority has not been disqualified for*  
11          *assistance pursuant to subtitle B of title IV.*

12   **SEC. 304. ALLOCATION OF AMOUNTS.**

13          (a) *FORMULA ALLOCATION.*—

14               (1) *IN GENERAL.*—When amounts for assistance  
15               under this title are first made available for reserva-  
16               tion, after reserving amounts in accordance with sub-  
17               section (c) and section 109, the Secretary shall allo-  
18               cate such amounts, only among local housing and  
19               management authorities meeting the requirements  
20               under this title to receive such assistance, on the basis  
21               of a formula that is established in accordance with  
22               paragraph (2) and based upon appropriate criteria to  
23               reflect the needs of different States, areas, and com-  
24               munities, using the most recent data available from  
25               the Bureau of the Census of the Department of Com-

merce and the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act (or any consolidated plan incorporating such strategy) for the applicable jurisdiction. The Secretary may establish a minimum allocation amount, in which case only the local housing and management authorities that, pursuant to the formula, are provided an amount equal to or greater than the minimum allocation amount, shall receive an allocation.

(2) *REGULATIONS.*—The formula under this subsection shall be established by regulation issued by the Secretary. Notwithstanding sections 563(a) and 565(a) of title 5, United States Code, any proposed regulation containing such formula shall be issued pursuant to a negotiated rulemaking procedure under subchapter of chapter 5 of such title and the Secretary shall establish a negotiated rulemaking committee for development of any such proposed regulations.

(b) *ALLOCATION CONSIDERATIONS.*—

(1) *LIMITATION ON REALLOCATION FOR ANOTHER STATE.*—Any amounts allocated for a State or areas or communities within a State that are not likely to be used within the fiscal year for which the amounts are provided shall not be reallocated for use

1       *in another State, unless the Secretary determines that*  
2       *other areas or communities within the same State*  
3       *(that are eligible for amounts under this title) cannot*  
4       *use the amounts within the same fiscal year.*

5               (2) *EFFECT OF RECEIPT OF TENANT-BASED AS-*  
6       *SISTANCE FOR DISABLED FAMILIES.—The Secretary*  
7       *may not consider the receipt by a local housing and*  
8       *management authority of assistance under section*  
9       *811(b)(1) of the Cranston-Gonzalez National Afford-*  
10       *able Housing Act, or the amount received, in approv-*  
11       *ing amounts under this title for the authority or in*  
12       *determining the amount of such assistance to be pro-*  
13       *vided to the authority.*

14              (3) *EXEMPTION FROM FORMULA ALLOCATION.—*  
15       *The formula allocation requirements of subsection (a)*  
16       *shall not apply to any assistance under this title that*  
17       *is approved in appropriation Acts for uses that the*  
18       *Secretary determines are incapable of geographic allo-*  
19       *cation, including amendments of existing housing as-*  
20       *istance payments contracts, renewal of such con-*  
21       *tracts, assistance to families that would otherwise lose*  
22       *assistance due to the decision of the project owner to*  
23       *prepay the project mortgage or not to renew the hous-*  
24       *ing assistance payments contract, assistance to pre-*  
25       *vent displacement or to provide replacement housing*



1       *in connection with the demolition or disposition of*  
2       *public and Indian housing, assistance for relocation*  
3       *from public housing, assistance in connection with*  
4       *protection of crime witnesses, assistance for conver-*  
5       *sion from leased housing contracts under section 23 of*  
6       *the United States Housing Act of 1937 (as in effect*  
7       *before the enactment of the Housing and Community*  
8       *Development Act of 1974), and assistance in support*  
9       *of the property disposition and loan management*  
10       *functions of the Secretary.*

11       *(c) SET-ASIDE FOR INDIAN HOUSING ASSISTANCE.—*  
12       *The Secretary shall allocate, in a manner determined by*  
13       *the Secretary, a portion of the amounts made available in*  
14       *each fiscal year for assistance under this title for assistance*  
15       *for Indian housing authorities.*

16       *(d) RECAPTURE OF AMOUNTS.—*

17               *(1) AUTHORITY.—In each fiscal year, from any*  
18       *budget authority made available for assistance under*  
19       *this title or section 8 of the United States Housing*  
20       *Act of 1937 (as in effect before the enactment of this*  
21       *Act) that is obligated to a local housing and manage-*  
22       *ment authority but remains unobligated by the au-*  
23       *thority upon the expiration of the 8-month period be-*  
24       *ginning upon the initial availability of such amounts*  
25       *for obligation by the authority, the Secretary may*

1        *deobligate an amount, as determined by the Sec-*  
 2        *retary, not exceeding 50 percent of such unobligated*  
 3        *amount.*

4            (2) *USE.—The Secretary may reallocate and*  
 5        *transfer any amounts deobligated under paragraph*  
 6        *(1) only to local housing and management authorities*  
 7        *in areas that the Secretary determines have received*  
 8        *less funding than other areas, based on the relative*  
 9        *needs of all areas.*

10    ***SEC. 305. ADMINISTRATIVE FEES.***

11        (a) *FEE FOR ONGOING COSTS OF ADMINISTRATION.—*

12            (1) *IN GENERAL.—The Secretary shall establish*  
 13        *fees for the costs of administering the choice-based*  
 14        *housing assistance program under this title.*

15            (2) *FISCAL YEAR 1996.—*

16            (A) *CALCULATION.—For fiscal year 1996,*  
 17        *the fee for each month for which a dwelling unit*  
 18        *is covered by a contract for assistance under this*  
 19        *title shall be—*

20                    (i) *in the case of a local housing and*  
 21                    *management authority that, on an annual*  
 22                    *basis, is administering a program for not*  
 23                    *more than 600 dwelling units, 6.5 percent*  
 24                    *of the base amount; and*

1           (ii) in the case of an authority that, on  
2           an annual basis, is administering a pro-  
3           gram for more than 600 dwelling units—

4                   (I) for the first 600 units, 6.5 per-  
5                   cent of the base amount; and

6                   (II) for any additional dwelling  
7                   units under the program, 6.0 percent  
8                   of the base amount.

9           (B) *BASE AMOUNT.*—For purposes of this  
10          paragraph, the base amount shall be the higher  
11          of—

12                   (i) the fair market rental established  
13                   under section 8(c) of the United States  
14                   Housing Act of 1937 (as in effect imme-  
15                   diately before the date of the enactment of  
16                   this Act) for fiscal year 1993 for a 2-bed-  
17                   room existing rental dwelling unit in the  
18                   market area of the authority, and

19                   (ii) the amount that is the lesser of (I)  
20                   such fair market rental for fiscal year 1994  
21                   or (II) 103.5 percent of the amount deter-  
22                   mined under clause (i),

23          adjusted based on changes in wage data or other  
24          objectively measurable data that reflect the costs  
25          of administering the program, as determined by

1           *the Secretary. The Secretary may require that*  
2           *the base amount be not less than a minimum*  
3           *amount and not more than a maximum amount.*

4           (3) *SUBSEQUENT FISCAL YEARS.*—*For subse-*  
5           *quent fiscal years, the Secretary shall publish a notice*  
6           *in the Federal Register, for each geographic area, es-*  
7           *tablishing the amount of the fee that would apply for*  
8           *local housing and management authorities admin-*  
9           *istering the program, based on changes in wage data*  
10          *or other objectively measurable data that reflect the*  
11          *costs of administering the program, as determined by*  
12          *the Secretary.*

13          (4) *INCREASE.*—*The Secretary may increase the*  
14          *fee if necessary to reflect the higher costs of admin-*  
15          *istering small programs and programs operating over*  
16          *large geographic areas.*

17          (b) *FEE FOR PRELIMINARY EXPENSES.*—*The Sec-*  
18          *retary shall also establish reasonable fees (as determined by*  
19          *the Secretary) for—*

20                (1) *the costs of preliminary expenses, in the*  
21                *amount of \$500, for a local housing and management*  
22                *authority, but only in the first year that the author-*  
23                *ity administers a choice-based housing assistance pro-*  
24                *gram under this title, and only if, immediately before*  
25                *the date of the enactment of this Act, the authority*

1       *was not administering a tenant-based rental assist-*  
2       *ance program under the United States Housing Act*  
3       *of 1937 (as in effect immediately before such date of*  
4       *enactment), in connection with its initial increment*  
5       *of assistance received;*

6               *(2) the costs incurred in assisting families who*  
7       *experience difficulty (as determined by the Secretary)*  
8       *in obtaining appropriate housing under the pro-*  
9       *grams; and*

10              *(3) extraordinary costs approved by the Sec-*  
11       *retary.*

12       *(c) TRANSFER OF FEES IN CASES OF CONCURRENT*  
13       *GEOGRAPHICAL JURISDICTION.—*

14              *(1) IN GENERAL.—In each fiscal year, if any*  
15       *local housing and management authority provides*  
16       *tenant-based rental assistance under section 8 of the*  
17       *United States Housing Act of 1937 or housing assist-*  
18       *ance under this title on behalf of a family who uses*  
19       *such assistance for a dwelling unit that is located*  
20       *within the jurisdiction of such authority but is also*  
21       *within the jurisdiction of another local housing and*  
22       *management authority, the Secretary shall require the*  
23       *authority issuing such assistance to transfer the*  
24       *amount provided under paragraph (2) to the closest*  
25       *eligible authority that is approved to administer the*

1       program and is not designated as a troubled author-  
2       ity under section 431(a)(2)(D).

3           (2) *ADMINISTRATIVE FEE.*—The amount pro-  
4       vided under this paragraph is, with respect to each  
5       such family described in subsection (a)—

6           (A) in the case of assistance under section  
7       8 of the United States Housing Act of 1937, the  
8       amount received under section 8(q) of such Act  
9       that is attributable to the administrative fee  
10      under such section for such family for the por-  
11      tion of the fiscal year during which such family  
12      resides in the dwelling unit described in para-  
13      graph (1); and

14          (B) in the case of housing assistance under  
15      this title, an amount of the grant amounts re-  
16      ceived under this title that is equal to the admin-  
17      istrative fee for a family established under sec-  
18      tion 305 for such fiscal year, as adjusted based  
19      on the portion of the fiscal year during which  
20      such family resides in the dwelling unit de-  
21      scribed in paragraph (1).

22   **SEC. 306. AUTHORIZATIONS OF APPROPRIATIONS.**

23          (a) *IN GENERAL.*—There is authorized to be appro-  
24      priated for providing local housing and management au-  
25      thorities with housing assistance under this title,

1 \$1,861,668,000 for each of fiscal years 1996, 1997, 1998,  
2 1999, and 2000.

3 (b) ASSISTANCE FOR DISABLED FAMILIES.—

4 (1) AUTHORIZATION OF APPROPRIATIONS.—

5 There is authorized to be appropriated, for choice-  
6 based housing assistance under this title to be used in  
7 accordance with paragraph (2), \$50,000,000 for fiscal  
8 year 1997, and such sums as may be necessary for  
9 each subsequent fiscal year.

10 (2) USE.—The Secretary shall provide amounts  
11 made available under paragraph (1) to local housing  
12 and management authorities only for use to provide  
13 housing assistance under this title for nonelderly dis-  
14 abled families (including such families relocating  
15 pursuant to designation of a public housing develop-  
16 ment under section 227 and other nonelderly disabled  
17 families who have applied to the authority for hous-  
18 ing assistance under this title).

19 (3) ALLOCATION OF AMOUNTS.—The Secretary  
20 shall allocate and provide amounts made available  
21 under paragraph (1) to local housing and manage-  
22 ment authorities as the Secretary determines appro-  
23 priate based on the relative levels of need among the  
24 authorities for assistance for families described in  
25 paragraph (1).

1 **SEC. 307. CONVERSION OF SECTION 8 ASSISTANCE.**

2       (a) *IN GENERAL.*—Any amounts made available to a  
 3 local housing and management authority under a contract  
 4 for annual contributions for assistance under section 8 of  
 5 the United States Housing Act of 1937 (as in effect before  
 6 the enactment of this Act) that have not been obligated for  
 7 such assistance by such authority before such enactment  
 8 shall be used to provide assistance under this title, except  
 9 to the extent the Secretary determines such use is inconsis-  
 10 tent with existing commitments.

11       (b) *EXCEPTION.*—Subsection (a) shall not apply to  
 12 any amounts made available under a contract for housing  
 13 constructed or substantially rehabilitated pursuant to sec-  
 14 tion 8(b)(2) of the United States Housing Act of 1937, as  
 15 in effect before October 1, 1983.

16 **Subtitle B—Choice-Based Housing**  
 17 **Assistance for Eligible Families**

18 **SEC. 321. ELIGIBLE FAMILIES AND PREFERENCES FOR AS-**  
 19 **SISTANCE.**

20       (a) *LOW-INCOME REQUIREMENT.*—Housing assistance  
 21 under this title may be provided only on behalf of a family  
 22 that—

23               (1) *at the time that such assistance is initially*  
 24 *provided on behalf of the family, is determined by the*  
 25 *local housing and management authority to be a low-*  
 26 *income family; or*



1           (2) *qualifies to receive such assistance under any*  
2           *other provision of Federal law.*

3           (b) *REVIEWS OF FAMILY INCOMES.—*

4           (1) *IN GENERAL.—Reviews of family incomes for*  
5           *purposes of this title shall be subject to the provisions*  
6           *of section 904 of the Stewart B. McKinney Homeless*  
7           *Assistance Amendments Act of 1988 and shall be con-*  
8           *ducted upon the initial provision of housing assist-*  
9           *ance for the family and thereafter not less than annu-*  
10          *ally.*

11          (2) *PROCEDURES.—Each local housing and*  
12          *management authority administering housing assist-*  
13          *ance under this title shall establish procedures that*  
14          *are appropriate and necessary to ensure that income*  
15          *data provided to the authority and owners by families*  
16          *applying for or receiving housing assistance from the*  
17          *authority is complete and accurate.*

18          (c) *PREFERENCES FOR ASSISTANCE.—*

19          (1) *AUTHORITY TO ESTABLISH.—Any local hous-*  
20          *ing and management authority that receives amounts*  
21          *under this title may establish a system for making*  
22          *housing assistance available on behalf of eligible fami-*  
23          *lies that provides preference for such assistance to eli-*  
24          *gible families having certain characteristics.*

1           (2) *CONTENT.*—*Each system of preferences estab-*  
2           *lished pursuant to this subsection shall be based upon*  
3           *local housing needs and priorities, as determined by*  
4           *the local housing and management authority using*  
5           *generally accepted data sources, including any infor-*  
6           *mation obtained pursuant to an opportunity for pub-*  
7           *lic comment as provided under section 107(e) or*  
8           *under the requirements applicable to comprehensive*  
9           *housing affordability strategy for the relevant juris-*  
10          *diction.*

11          (d) *TREATMENT OF ASSISTED FAMILIES WHO MOVE*  
12          *OUT OF JURISDICTION OF LHMA.*—

13               (1) *IN GENERAL.*—*A local housing and manage-*  
14               *ment authority may, in the discretion of the agency*  
15               *and notwithstanding any preferences under subsection*  
16               *(c), provide housing assistance for eligible families (or*  
17               *a certain number of such families) who have moved*  
18               *into the jurisdiction of the authority and on whose be-*  
19               *half such assistance was being provided, at the time*  
20               *of such move, by the authority for the jurisdiction*  
21               *from which the family moved.*

22               (2) *ASSISTANCE UNDER 1937 ACT.*—*Notwith-*  
23               *standing any provision of this title, a local housing*  
24               *and management authority who, upon the date of the*  
25               *enactment of this Act, is providing assistance under*

1        *section 8 of the United States Housing Act of 1937*  
2        *for a family pursuant to subsection (r) of such section*  
3        *shall continue to provide such assistance (or housing*  
4        *assistance under this title) in accordance with such*  
5        *section until the local housing and management au-*  
6        *thority for the jurisdiction to which the family moved*  
7        *provides housing assistance on behalf of the family*  
8        *pursuant to paragraph (1) of this subsection or other-*  
9        *wise or the authority terminates such assistance for*  
10       *other reasons.*

11       *(e) TREATMENT OF FAMILIES ON WAITING LIST WHO*  
12       *MOVE OUT OF JURISDICTION OF LHMA.—*

13                *(1) MOVE TO JURISDICTION WITH OPEN WAITING*  
14        *LIST.—Except as provided in paragraph (2), if an el-*  
15        *igible family (A) applies for choice-based housing as-*  
16        *sistance while residing within the jurisdiction of a*  
17        *local housing and management authority, (B) moves*  
18        *outside of the jurisdiction of the authority before such*  
19        *assistance is provided on behalf of the family, and (C)*  
20        *applies for housing assistance from the local housing*  
21        *and management authority for the jurisdiction to*  
22        *which the family moves, such authority shall consider*  
23        *the application to have been made upon the date that*  
24        *the family applied for assistance with the authority*  
25        *in whose jurisdiction the family previously resided.*

1           (2) *MOVE TO JURISDICTION WITH CLOSED WAIT-*  
2           *ING LIST.*—*If the local housing and management au-*  
3           *thority for the jurisdiction to which an eligible family*  
4           *described in paragraph (1) moves is not generally ac-*  
5           *cepting applications for housing assistance, such ju-*  
6           *risdiction shall accept the application of such family*  
7           *but shall treat the application as having been made*  
8           *on the date on which it is actually made. Notwith-*  
9           *standing the preceding sentence, a local housing and*  
10          *management authority may (at the discretion of the*  
11          *authority) provide that any application by an eligible*  
12          *family whose move to the jurisdiction not accepting*  
13          *applications for assistance was made because of a ver-*  
14          *ifiable employment opportunity shall be subject to the*  
15          *provisions of paragraph (1).*

16          (f) *AUTHORITY TO DENY ASSISTANCE TO CERTAIN*  
17          *FAMILIES WHO MOVE.*—*A local housing and management*  
18          *authority may establish criteria for denying housing assist-*  
19          *ance, and pursuant to such criteria may deny such assist-*  
20          *ance, to an eligible family who has moved from the jurisdic-*  
21          *tion of another authority, who received housing assistance*  
22          *from the authority for such other jurisdiction, and whose*  
23          *assistance was terminated by such other authority for rea-*  
24          *sons other than income ineligibility or the change of resi-*  
25          *dence.*

1       (g) *LOSS OF ASSISTANCE UPON TERMINATION OF*  
2 *TENANCY.*—A local housing and management authority  
3 may, to the extent such policies are described in the local  
4 housing management plan of the authority and included  
5 in the lease for a dwelling unit, establish policies providing  
6 that an assisted family whose tenancy is terminated for se-  
7 rious violations of the terms or conditions of the lease  
8 shall—

9           (1) lose any right to continued housing assist-  
10       ance; and

11           (2) immediately become ineligible for housing as-  
12       sistance under this title for a period not exceeding 3  
13       years from the date of the termination of the housing  
14       assistance.

15       (h) *CONFIDENTIALITY FOR VICTIMS OF DOMESTIC VIO-*  
16 *LENCE.*—A local housing and management authority shall  
17 be subject to the restrictions regarding release of informa-  
18 tion relating to the identity and new residence of any fam-  
19 ily receiving housing assistance who was a victim of domes-  
20 tic violence that are applicable to shelters pursuant to the  
21 Family Violence Prevention and Services Act. The author-  
22 ity shall work with the United States Postal Service to es-  
23 tablish procedures consistent with the confidentiality provi-  
24 sions in the Violence Against Women Act of 1994.

1 **SEC. 322. RESIDENT CONTRIBUTION.**

2       (a) *IN GENERAL.*—An assisted family shall contribute  
3 on a monthly basis for the rental of an assisted dwelling  
4 unit an amount that the local housing and management  
5 authority determines is appropriate with respect to the fam-  
6 ily. The amount of the minimum monthly rental contribu-  
7 tion—

8               (1) shall be based upon factors including the ad-  
9 justed income of the family and any other factors that  
10 the authority considers appropriate;

11              (2) shall be not less than \$25;

12              (3) shall include any portion of the cost of utili-  
13 ties for the dwelling unit for which the resident is re-  
14 sponsible; and

15              (4) may be increased annually by the authority,  
16 except that no such annual increase may exceed 10  
17 percent of the amount of the minimum monthly con-  
18 tribution in effect for the preceding year.

19 In any case in which the monthly rent charged for a dwell-  
20 ing unit pursuant to the housing assistance payments con-  
21 tract exceeds the payment standard (established under sec-  
22 tion 353) for the dwelling unit, the assisted family residing  
23 in the unit shall contribute (in addition to the amount of  
24 the monthly rent contribution otherwise determined under  
25 this subsection for such family) such entire excess rental  
26 amount.

1       (b) *RENTAL CONTRIBUTION FOR ELDERLY AND DIS-*  
2 *ABLED FAMILIES.*—*In establishing the amount of monthly*  
3 *rental contributions under this section for disabled families*  
4 *and elderly families residing in assisted dwelling units, a*  
5 *local housing and management authority shall waive the*  
6 *applicability of any provision of subsection (a) that may*  
7 *be necessary to establish such contributions that are reason-*  
8 *able based on the adjusted incomes of such families.*

9       (c) *TREATMENT OF CHANGES IN RENTAL CONTRIBU-*  
10 *TION.*—

11           (1) *NOTIFICATION OF CHANGES.*—*A local hous-*  
12 *ing and management authority shall promptly notify*  
13 *the owner of an assisted dwelling unit of any change*  
14 *in the resident contribution by the assisted family re-*  
15 *siding in the unit that takes effect immediately or at*  
16 *a later date.*

17           (2) *COLLECTION OF RETROACTIVE CHANGES.*—*In*  
18 *the case of any change in the rental contribution of*  
19 *an assisted family that affects rental payments pre-*  
20 *viously made, the local housing and management au-*  
21 *thority shall collect any additional amounts required*  
22 *to be paid by the family under such change directly*  
23 *from the family and shall refund any excess rental*  
24 *contribution paid by the family directly to the fam-*  
25 *ily.*

1       (d) *PHASE-IN OF RENT CONTRIBUTION INCREASES.*—

2           (1) *IN GENERAL.*—*Except as provided in para-*  
3 *graph (2), for any family that is receiving tenant-*  
4 *based rental assistance under section 8 of the United*  
5 *States Housing Act of 1937 upon the initial applica-*  
6 *bility of the provisions of this title to such family, if*  
7 *the monthly contribution for rental of an assisted*  
8 *dwelling unit to be paid by the family upon such ini-*  
9 *tial applicability is greater than the amount paid by*  
10 *the family under the provisions of the United States*  
11 *Housing Act of 1937 immediately before such applica-*  
12 *bility, any such resulting increase in rent contribu-*  
13 *tion shall be—*

14           (A) *phased in equally over a period of not*  
15 *less than 3 years, if such increase is 30 percent*  
16 *or more of such contribution before initial appli-*  
17 *cability; and*

18           (B) *limited to not more than 10 percent per*  
19 *year if such increase is more than 10 percent but*  
20 *less than 30 percent of such contribution before*  
21 *initial applicability.*

22       (2) *EXCEPTION.*—*The minimum rent contribu-*  
23 *tion requirement under subsection (a)(2) shall apply*  
24 *to each family described in paragraph (1) of this sub-*  
25 *section, notwithstanding such paragraph.*



1 **SEC. 323. RENTAL INDICATORS.**

2       (a) *IN GENERAL.*—The Secretary shall establish and  
3 issue rental indicators under this section periodically, but  
4 not less than annually, for existing rental dwelling units  
5 that are eligible dwelling units. The Secretary shall estab-  
6 lish and issue the rental indicators by housing market area  
7 (as the Secretary shall establish) for various sizes and types  
8 of dwelling units.

9       (b) *AMOUNT.*—For a market area, the rental indicator  
10 established under subsection (a) for a dwelling unit of a  
11 particular size and type in the market area shall be a dollar  
12 amount that reflects the rental amount for a standard qual-  
13 ity rental unit of such size and type in the market area  
14 that is an eligible dwelling unit.

15       (c) *EFFECTIVE DATE.*—The Secretary shall cause the  
16 proposed rental indicators established under subsection (a)  
17 for each market area to be published in the Federal Register  
18 with reasonable time for public comment, and such rental  
19 indicators shall become effective upon the date of publica-  
20 tion in final form in the Federal Register.

21       (d) *ANNUAL ADJUSTMENT.*—Each rental indicator in  
22 effect under this section shall be adjusted to be effective on  
23 October 1 of each year to reflect changes, based on the most  
24 recent available data trended so that the indicators will be  
25 current for the year to which they apply, in rents for exist-  
26 ing rental dwelling units of various sizes and types in the

1 *market area suitable for occupancy by families assisted*  
 2 *under this title.*

3 ***SEC. 324. LEASE TERMS.***

4 *Rental assistance may be provided for an eligible*  
 5 *dwelling unit only if the assisted family and the owner of*  
 6 *the dwelling unit enter into a lease for the unit that—*

7 *(1) provides for a single lease term of 12 months*  
 8 *and continued tenancy after such term under a peri-*  
 9 *odic tenancy on a month-to-month basis;*

10 *(2) contains terms and conditions specifying*  
 11 *that termination of tenancy during the term of a*  
 12 *lease shall be subject to the provisions set forth in sec-*  
 13 *tion 325; and*

14 *(3) is set forth in the standard form, which is*  
 15 *used in the local housing market area by the owner*  
 16 *and applies generally to any other tenants in the*  
 17 *property who are not assisted families, together with*  
 18 *any addendum necessary to include the many terms*  
 19 *required under this section.*

20 *A lease may include any addenda appropriate to set forth*  
 21 *the provisions under section 325.*

22 ***SEC. 325. TERMINATION OF TENANCY.***

23 *(a) GENERAL GROUNDS FOR TERMINATION OF TEN-*  
 24 *ANCY.—Each housing assistance payments contract under*  
 25 *section 351 shall provide that the owner of any assisted*

1 *dwelling unit assisted under the contract may, before expi-*  
2 *ration of a lease for a unit, terminate the tenancy of any*  
3 *tenant of the unit, but only for—*

4 *(1) violation of the terms and conditions of the*  
5 *lease, violation of applicable Federal, State, or local*  
6 *law, or other good cause; or*

7 *(2) any activity, engaged in by the tenant, any*  
8 *member of the tenant's household, or any guest or*  
9 *other person under the tenant's control, that—*

10 *(A) threatens the health or safety of, or*  
11 *right to peaceful enjoyment of the premises by,*  
12 *other tenants or employees of the owner or man-*  
13 *ager of the housing;*

14 *(B) threatens the health or safety of, or*  
15 *right to peaceful enjoyment of their residences*  
16 *by, persons residing in the immediate vicinity of*  
17 *the premises; or*

18 *(C) is criminal activity (including drug-re-*  
19 *lated criminal activity).*

20 *(b) MANNER OF TERMINATION.—Each housing assist-*  
21 *ance payments contract shall provide that the owner shall*  
22 *conduct the termination of tenancy of any tenant of an as-*  
23 *sisted dwelling unit under the contract in accordance with*  
24 *applicable State or local laws, including providing any no-*  
25 *tice of termination required under such laws.*

1 **SEC. 326. ELIGIBLE OWNERS.**

2       (a) *OWNERSHIP ENTITY.*—*Rental assistance under*  
3 *this title may be provided for any eligible dwelling unit*  
4 *for which the owner is any public agency, private person*  
5 *or entity (including a cooperative), nonprofit organization,*  
6 *agency of the Federal Government, or local housing and*  
7 *management authority.*

8       (b) *INELIGIBLE OWNERS.*—

9           (1) *IN GENERAL.*—*Notwithstanding subsection*  
10 *(a), a local housing and management authority may*  
11 *not enter into a housing assistance payments contract*  
12 *(or renew an existing contract) covering a dwelling*  
13 *unit that is owned by an owner who is debarred, sus-*  
14 *pended, or subject to limited denial of participation*  
15 *under part 24 of title 24, Code of Federal Regula-*  
16 *tions.*

17           (2) *PROHIBITION OF SALE TO RELATED PAR-*  
18 *TIES.*—*The Secretary shall establish guidelines to pre-*  
19 *vent housing assistance payments for a dwelling unit*  
20 *that is owned by any spouse, child, or other party*  
21 *who allows an owner described in paragraph (1) to*  
22 *maintain control of the unit.*

23           (3) *RULE OF CONSTRUCTION.*—*This subsection*  
24 *may not be construed to prohibit, or authorize the ter-*  
25 *mination or suspension, of payment of housing assist-*  
26 *ance under a housing assistance payments contract in*

1        *effect at the time such debarment, suspension, or lim-*  
 2        *ited denial of participation takes effect.*

3        **SEC. 327. SELECTION OF DWELLING UNITS.**

4        (a) *FAMILY CHOICE.*—*The determination of the dwell-*  
 5        *ing unit in which an assisted family resides and for which*  
 6        *housing assistance is provided under this title shall be made*  
 7        *solely by the assisted family, subject to the provisions of*  
 8        *this title.*

9        (b) *DEED RESTRICTIONS.*—*Housing assistance may*  
 10       *not be used in any manner that abrogates any local deed*  
 11       *restriction that applies to any housing consisting of 1 to*  
 12       *4 dwelling units. Nothing in this section may be construed*  
 13       *to affect the provisions or applicability of the Fair Housing*  
 14       *Act.*

15       **SEC. 328. ELIGIBLE DWELLING UNITS.**

16       (a) *IN GENERAL.*—*A dwelling unit shall be an eligible*  
 17       *dwelling unit for purposes of this title only if the local hous-*  
 18       *ing and management authority to provide housing assist-*  
 19       *ance for the dwelling unit determines that the dwelling*  
 20       *unit—*

21                (1) *is an existing dwelling unit that is not lo-*  
 22        *cated within a nursing home or the grounds of any*  
 23        *penal, reformatory, medical, mental, or similar public*  
 24        *or private institution; and*

25                (2) *complies—*

1           (A) with applicable State or local laws, reg-  
2           ulations, standards, or codes regarding habit-  
3           ability of residential dwellings that—

4                 (i) are in effect for the jurisdiction in  
5                 which the dwelling unit is located;

6                 (ii) provide protection to residents of  
7                 the dwellings that is equal to or greater  
8                 than the protection provided under the  
9                 housing quality standards established under  
10                subsection (b); and

11                (iii) that do not severely restrict hous-  
12                ing choice; or

13           (B) in the case of a dwelling unit located in  
14           a jurisdiction which does not have in effect laws,  
15           regulations, standards, or codes described in sub-  
16           paragraph (A), with the housing quality stand-  
17           ards established under subsection (b).

18   Each local housing and management authority providing  
19   housing assistance shall identify, in the local housing man-  
20   agement plan for the authority, whether the authority is  
21   utilizing the standard under subparagraph (A) or (B) of  
22   paragraph (2) and, if the authority utilizes the standard  
23   under subparagraph (A), shall certify in such plan that the  
24   applicable State or local laws, regulations, standards, or

1 codes comply with the requirements under such subpara-  
2 graph.

3 (b) *DETERMINATIONS.*—

4 (1) *IN GENERAL.*—A local housing and manage-  
5 ment authority shall make the determinations re-  
6 quired under subsection (a) pursuant to an inspection  
7 of the dwelling unit conducted before any assistance  
8 payment is made for the unit.

9 (2) *FAILURE TO INSPECT.*—Notwithstanding  
10 subsection (a), if the inspection and the determina-  
11 tions referred to in paragraph (1) are not made before  
12 the expiration of the 7-day period beginning upon a  
13 request by the resident or landlord to the local hous-  
14 ing and management authority—

15 (A) the dwelling unit shall be considered to  
16 be an eligible dwelling unit for purposes of this  
17 title; and

18 (B) the assisted family may occupy the  
19 dwelling unit, and assistance payments for the  
20 unit may be made before necessary repairs are  
21 completed, if the owner agrees to make such re-  
22 pairs within 15 days.

23 (c) *FEDERAL HOUSING QUALITY STANDARDS.*—The  
24 Secretary shall establish housing quality standards under  
25 this subsection that ensure that assisted dwelling units are

1 *safe, clean, and healthy. Such standards shall include re-*  
2 *quirements relating to habitability, including maintenance,*  
3 *health and sanitation factors, condition, and construction*  
4 *of dwellings, and shall, to the greatest extent practicable,*  
5 *be consistent with the standards established under section*  
6 *232(b). The Secretary shall differentiate between major and*  
7 *minor violations of such standards.*

8       (d) *ANNUAL INSPECTIONS.*—*Each local housing and*  
9 *management authority providing housing assistance shall*  
10 *make an annual inspection of each assisted dwelling unit*  
11 *during the term of the housing assistance payments con-*  
12 *tracts for the unit to determine whether the unit is main-*  
13 *tained in accordance with the requirements under sub-*  
14 *section (a)(2). The authority shall submit the results of such*  
15 *inspections to the Secretary and the Inspector General for*  
16 *the Department of Housing and Urban Development and*  
17 *such results shall be available to the Housing Foundation*  
18 *and Accreditation Board established under title IV and any*  
19 *auditor conducting an audit under section 432.*

20       (e) *INSPECTION GUIDELINES.*—*The Secretary shall es-*  
21 *tablish procedural guidelines and performance standards to*  
22 *facilitate inspections of dwelling units and conform such*  
23 *inspections with practices utilized in the private housing*  
24 *market. Such guidelines and standards shall take into con-*  
25 *sideration variations in local laws and practices of local*



1 *housing and management authorities and shall provide*  
 2 *flexibility to authorities appropriate to facilitate efficient*  
 3 *provision of assistance under this title.*

4 (f) *RULE OF CONSTRUCTION.*—*This section may not*  
 5 *be construed to prevent the provision of housing assistance*  
 6 *in connection with supportive services for elderly or dis-*  
 7 *abled families.*

8 ***SEC. 329. HOMEOWNERSHIP OPTION.***

9 (a) *IN GENERAL.*—*A local housing and management*  
 10 *authority providing housing assistance under this title may*  
 11 *provide homeownership assistance to assist eligible families*  
 12 *to purchase a dwelling unit (including purchase under*  
 13 *lease-purchase homeownership plans).*

14 (b) *REQUIREMENTS.*—*A local housing and manage-*  
 15 *ment authority providing homeownership assistance under*  
 16 *this section shall, as a condition of an eligible family receiv-*  
 17 *ing such assistance, require the family to—*

18 (1) *demonstrate that the family has income from*  
 19 *employment or other sources (other than public assist-*  
 20 *ance), as determined in accordance with requirements*  
 21 *established by the authority; and*

22 (2) *meet any other initial or continuing require-*  
 23 *ments established by the local housing and manage-*  
 24 *ment authority.*

25 (c) *DOWNPAYMENT REQUIREMENT.*—

1           (1) *IN GENERAL.*—A local housing and manage-  
2           ment authority may establish minimum downpay-  
3           ment requirements, if appropriate, in connection with  
4           loans made for the purchase of dwelling units for  
5           which homeownership assistance is provided under  
6           this section. If the authority establishes a minimum  
7           downpayment requirement, except as provided in  
8           paragraph (2) the authority shall permit the family  
9           to use grant amounts, gifts from relatives, contribu-  
10          tions from private sources, and similar amounts as  
11          downpayment amounts in such purchase.

12          (2) *DIRECT FAMILY CONTRIBUTION.*—In pur-  
13          chasing housing pursuant to this section subject to a  
14          downpayment requirement, each family shall contrib-  
15          ute an amount of the downpayment, from resources of  
16          the family other than grants, gifts, contributions, or  
17          other similar amounts referred to in paragraph (1),  
18          that is not less than 1 percent of the purchase price.

19          (d) *INELIGIBILITY UNDER OTHER PROGRAMS.*—A  
20          family may not receive homeownership assistance pursuant  
21          to this section during any period when assistance is being  
22          provided for the family under other Federal homeownership  
23          assistance programs, as determined by the Secretary, in-  
24          cluding assistance under the *HOME Investment Partner-*  
25          *ships Act, the Homeownership and Opportunity Through*

1 *HOPE Act, title II of the Housing and Community Devel-*  
2 *opment Act of 1987, and section 502 of the Housing Act*  
3 *of 1949.*

4 ***Subtitle C—Payment of Housing As-***  
5 ***istance on Behalf of Assisted***  
6 ***Families***

7 ***SEC. 351. HOUSING ASSISTANCE PAYMENTS CONTRACTS.***

8       (a) *IN GENERAL.*—Each local housing and manage-  
9 *ment authority that receives amounts under a contract*  
10 *under section 302 may enter into housing assistance pay-*  
11 *ments contracts with owners of existing dwelling units to*  
12 *make housing assistance payments to such owners in ac-*  
13 *cordance with this title.*

14       (b) *LHMA ACTING AS OWNER.*—A local housing and  
15 *management authority may enter into a housing assistance*  
16 *payments contract to make housing assistance payments*  
17 *under this title to itself (or any agency or instrumentality*  
18 *thereof) as the owner of dwelling units, and the authority*  
19 *shall be subject to the same requirements that are applicable*  
20 *to other owners, except that the determinations under sec-*  
21 *tion 328(a) and 354(b) shall be made by a competent party*  
22 *not affiliated with the authority or the owner, and the au-*  
23 *thority shall be responsible for any expenses of such deter-*  
24 *minations.*

1       (c) *PROVISIONS.—Each housing assistance payments*  
2 *contract shall—*

3           (1) *have a term of not more than 12 months;*

4           (2) *require that the assisted dwelling unit may*  
5 *be rented only pursuant to a lease that complies with*  
6 *the requirements of section 324;*

7           (3) *comply with the requirements of section 325*  
8 *(relating to termination of tenancy);*

9           (4) *require the owner to maintain the dwelling*  
10 *unit in accordance with the applicable standards*  
11 *under section 328(a)(2); and*

12           (5) *provide that the screening and selection of el-*  
13 *igible families for assisted dwelling units shall be the*  
14 *function of the owner.*

15 ***SEC. 352. AMOUNT OF MONTHLY ASSISTANCE PAYMENT.***

16       *The amount of the monthly assistance payment for*  
17 *housing assistance under this title on behalf of an assisted*  
18 *family shall be as follows:*

19           (1) *UNITS HAVING GROSS RENT LESS THAN PAY-*  
20 *MENT STANDARD.—In the case of a dwelling unit*  
21 *bearing a gross rent that does not exceed the payment*  
22 *standard established under section 353 for a dwelling*  
23 *unit of the applicable size and located in the market*  
24 *area in which such assisted dwelling unit is located,*  
25 *the amount by which the gross rent for the dwelling*

1       unit exceeds the amount of the resident contribution  
2       determined in accordance with section 322.

3               (2) *UNITS HAVING GROSS RENT EXCEEDING PAY-*  
4       *MENT STANDARD.*—*In the case of a dwelling unit*  
5       *bearing a gross rent that exceeds the payment stand-*  
6       *ard established under section 353 for a dwelling unit*  
7       *of the applicable size and located in the market area*  
8       *in which such assisted dwelling unit is located, the*  
9       *amount by which such payment standard exceeds the*  
10       *amount of the resident contribution determined in ac-*  
11       *cordance with section 322.*

12   **SEC. 353. PAYMENT STANDARDS.**

13       (a) *ESTABLISHMENT.*—*Each local housing and man-*  
14       *agement authority providing housing assistance under this*  
15       *title shall establish payment standards under this section*  
16       *for various areas, and sizes and types of dwelling units,*  
17       *for use in determining the amount of monthly housing as-*  
18       *sistance payment to be provided on behalf of assisted fami-*  
19       *lies.*

20       (b) *USE OF RENTAL INDICATORS.*—*The payment*  
21       *standard for each size and type of housing for each market*  
22       *area shall be an amount that is not less than 80 percent,*  
23       *and not greater than 120 percent, of the rental indicator*  
24       *established under section 323 for such size and type for such*  
25       *area.*

1       (c) *REVIEW.*—If the Secretary determines, at any  
2 time, that a significant percentage of the assisted families  
3 who are assisted by a large local housing and management  
4 authority and are occupying dwelling units of a particular  
5 size are paying more than 30 percent of their adjusted in-  
6 comes for rent, the Secretary shall review the payment  
7 standard established by the authority for such size dwell-  
8 ings. If, pursuant to the review, the Secretary determines  
9 that such payment standard is not appropriate to serve the  
10 needs of the low-income population of the jurisdiction served  
11 by the authority (taking into consideration rental costs in  
12 the area), as identified in the approved community im-  
13 provement plan of the authority, the Secretary may require  
14 the local housing and management authority to modify the  
15 payment standard. For purposes of this subsection, the term  
16 “large local housing and management authority” means a  
17 local housing and management authority that provides  
18 housing assistance on behalf of 1250 or more assisted fami-  
19 lies.

20   **SEC. 354. REASONABLE RENTS.**

21       (a) *ESTABLISHMENT.*—The rent charged for a dwelling  
22 unit for which rental assistance is provided under this title  
23 shall be established pursuant to negotiation and agreement  
24 between the assisted family and the owner of the dwelling  
25 unit.

1       (b) *REASONABLENESS.*—

2               (1) *DETERMINATION.*—A local housing and man-  
 3       agement authority providing rental assistance under  
 4       this title for a dwelling unit shall, before commencing  
 5       assistance payments for a unit, determine whether the  
 6       rent charged for the unit exceeds the rents charged for  
 7       comparable units in the applicable private unassisted  
 8       market.

9               (2) *UNREASONABLE RENTS.*—If the authority de-  
 10       termines that the rent charged for a dwelling unit ex-  
 11       ceeds such comparable rents, the authority shall—

12                       (A) inform the assisted family renting the  
 13       unit that such rent exceeds the rents for com-  
 14       parable unassisted units in the market; and

15                       (B) refuse to provide housing assistance  
 16       payments for such unit.

17       **SEC. 355. PROHIBITION OF ASSISTANCE FOR VACANT RENT-**  
 18       **AL UNITS.**

19       If an assisted family vacates a dwelling unit for which  
 20       rental assistance is provided under a housing assistance  
 21       payments contract before the expiration of the term of the  
 22       lease for the unit, rental assistance pursuant to such con-  
 23       tract may not be provided for the unit after the month dur-  
 24       ing which the unit was vacated.

***Subtitle D—General and  
Miscellaneous Provisions***

***SEC. 371. DEFINITIONS.***

*For purposes of this title:*

(1) *ASSISTED DWELLING UNIT.*—The term “assisted dwelling unit” means a dwelling unit in which an assisted family resides and for which housing assistance payments are made under this title.

(2) *ASSISTED FAMILY.*—The term “assisted family” means an eligible family on whose behalf housing assistance payments are made under this title or who has been selected and approved for housing assistance.

(3) *CHOICE-BASED.*—The term “choice-based” means, with respect to housing assistance, that the assistance is not attached to a dwelling unit but can be used for any eligible dwelling unit selected by the eligible family.

(4) *ELIGIBLE DWELLING UNIT.*—The term “eligible dwelling unit” means a dwelling unit that complies with the requirements under section 328 for consideration as an eligible dwelling unit.

(5) *ELIGIBLE FAMILY.*—The term “eligible family” means a family that meets the requirements under section 321(a) for assistance under this title.



1           (6) *HOMEOWNERSHIP ASSISTANCE*.—*The term*  
2           *“homeownership assistance” means housing assistance*  
3           *provided under section 329 for the ownership of a*  
4           *dwelling unit.*

5           (7) *HOUSING ASSISTANCE*.—*The term “housing*  
6           *assistance” means assistance provided under this title*  
7           *on behalf of low-income families for the rental or*  
8           *ownership of an eligible dwelling unit.*

9           (8) *HOUSING ASSISTANCE PAYMENTS CON-*  
10          *TRACT*.—*The term “housing assistance payments con-*  
11          *tract” means a contract under section 351 between a*  
12          *local housing and management authority (or the Sec-*  
13          *retary) and an owner to make housing assistance*  
14          *payments under this title to the owner on behalf of an*  
15          *assisted family.*

16          (9) *LOCAL HOUSING AND MANAGEMENT AUTHOR-*  
17          *ITY*.—*The terms “local housing and management au-*  
18          *thority” and “authority” have the meaning given*  
19          *such terms in section 103, except that the terms in-*  
20          *clude—*

21                 (A) *a consortia of local housing and man-*  
22                 *agement authorities that the Secretary deter-*  
23                 *mines has the capacity and capability to admin-*  
24                 *ister a program for housing assistance under this*  
25                 *title in an efficient manner;*

1           (B) any other entity that, upon the date of  
2           the enactment of this Act, was administering  
3           any program for tenant-based rental assistance  
4           under section 8 of the United States Housing Act  
5           of 1937 (as in effect before the enactment of this  
6           Act), pursuant to a contract with the Secretary  
7           or a public housing agency; and

8           (C) with respect to any area in which no  
9           local housing and management authority has  
10          been organized or where the Secretary determines  
11          that a local housing and management authority  
12          is unwilling or unable to implement this title, or  
13          is not performing effectively—

14               (i) the Secretary or another entity that  
15               by contract agrees to receive assistance  
16               amounts under this title and enter into  
17               housing assistance payments contracts with  
18               owners and perform the other functions of  
19               local housing and management authority  
20               under this title; or

21               (ii) notwithstanding any provision of  
22               State or local law, a local housing and  
23               management authority for another area  
24               that contracts with the Secretary to admin-  
25               ister a program for housing assistance

1                   under this title, without regard to any oth-  
 2                   erwise applicable limitations on its area of  
 3                   operation.

4                   (10) OWNER.—The term “owner” means the per-  
 5                   son or entity having the legal right to lease or sub-  
 6                   lease dwelling units. Such term includes any prin-  
 7                   cipals, general partners, primary shareholders, and  
 8                   other similar participants in any entity owning a  
 9                   multifamily housing project, as well as the entity it-  
 10                  self.

11                  (11) RENT.—The terms “rent” and “rental” in-  
 12                  clude, with respect to members of a cooperative, the  
 13                  charges under the occupancy agreements between such  
 14                  members and the cooperative.

15                  (12) RENTAL ASSISTANCE.—The term “rental as-  
 16                  sistance” means housing assistance provided under  
 17                  this title for the rental of a dwelling unit.

18   **SEC. 372. RENTAL ASSISTANCE FRAUD RECOVERIES.**

19                  (a) AUTHORITY TO RETAIN RECOVERED AMOUNTS.—  
 20                  The Secretary shall permit local housing and management  
 21                  authorities administering housing assistance under this  
 22                  title to retain, out of amounts obtained by the authorities  
 23                  from tenants that are due as a result of fraud and abuse,  
 24                  an amount (determined in accordance with regulations is-  
 25                  sued by the Secretary) equal to the greater of—

1           (1) 50 percent of the amount actually collected;  
2       or

3           (2) the actual, reasonable, and necessary ex-  
4       penses related to the collection, including costs of in-  
5       vestigation, legal fees, and collection agency fees.

6       (b) *USE.*—Amounts retained by an authority shall be  
7       made available for use in support of the affected program  
8       or project, in accordance with regulations issued by the Sec-  
9       retary. If the Secretary is the principal party initiating  
10      or sustaining an action to recover amounts from families  
11      or owners, the provisions of this section shall not apply.

12      (c) *RECOVERY.*—Amounts may be recovered under this  
13      section—

14           (1) by an authority through a lawsuit (including  
15       settlement of the lawsuit) brought by the authority or  
16       through court-ordered restitution pursuant to a crimi-  
17       nal proceeding resulting from an authority's inves-  
18       tigation where the authority seeks prosecution of a  
19       family or where an authority seeks prosecution of an  
20       owner;

21           (2) through administrative repayment agree-  
22       ments with a family or owner entered into as a result  
23       of an administrative grievance procedure conducted  
24       by an impartial decisionmaker in accordance with  
25       section 110; or

1           (3) *through an agreement between the parties.*

2   **SEC. 373. STUDY REGARDING GEOGRAPHIC CONCENTRA-**  
 3                   **TION OF ASSISTED FAMILIES.**

4           (a) *IN GENERAL.*—The Secretary shall conduct a  
 5 study of the geographic areas in the State of Illinois served  
 6 by the Housing Authority of Cook County and the Chicago  
 7 Housing Authority and submit to the Congress a report and  
 8 a specific proposal, which addresses and resolves the issues  
 9 of—

10           (1) *the adverse impact on local communities due*  
 11 *to geographic concentration of assisted households*  
 12 *under the tenant-based housing programs under sec-*  
 13 *tion 8 of the United States Housing Act of 1937 (as*  
 14 *in effect immediately before the enactment of this Act)*  
 15 *and under this title; and*

16           (2) *facilitating the deconcentration of such as-*  
 17 *sisted households by providing broader housing*  
 18 *choices to such households.*

19 *The study shall be completed, and the report shall be sub-*  
 20 *mitted, not later than 90 days after the date of the enact-*  
 21 *ment of this Act.*

22           (b) *CONCENTRATION.*—For purposes of this section, the  
 23 term “concentration” means, with respect to any area with-  
 24 in a census tract, that—

1           (1) 15 percent or more of the households residing  
 2           within such area have incomes which do not exceed  
 3           the poverty level; or

4           (2) 15 percent or more of the total affordable  
 5           housing stock located within such area is assisted  
 6           housing.

7   ***TITLE IV—ACCREDITATION AND***  
 8       ***OVERSIGHT OF LOCAL HOUS-***  
 9       ***ING AND MANAGEMENT AU-***  
 10      ***THORITIES***

11   ***Subtitle A—Housing Foundation***  
 12       ***and Accreditation Board***

13   ***SEC. 401. ESTABLISHMENT.***

14           *There is established an independent agency in the exec-*  
 15   *utive branch of the Government to be known as the Housing*  
 16   *Foundation and Accreditation Board (in this title referred*  
 17   *to as the “Board”).*

18   ***SEC. 402. MEMBERSHIP.***

19           *(a) IN GENERAL.—The Board shall be composed of 12*  
 20   *members appointed by the President not later than 180*  
 21   *days after the date of the enactment of this Act, as follows:*

22           (1) 4 members shall be appointed from among 10  
 23           individuals recommended by the Secretary of Housing  
 24           and Urban Development.

1           (2) 4 members shall be appointed from among 10  
 2           individuals recommended by the Chairman and  
 3           Ranking Minority Member of the Committee on  
 4           Banking, Housing, and Urban Affairs of the Senate.

5           (3) 4 members appointed from among 10 indi-  
 6           viduals recommended by the Chairman and Ranking  
 7           Minority Member of the Committee on Banking and  
 8           Financial Services of the House of Representatives.

9           (b) QUALIFICATIONS.—

10           (1) REQUIRED REPRESENTATION.—The Board  
 11           shall at all times have the following members:

12                   (A) 2 members who are residents of public  
 13                   housing or dwelling units assisted under title III  
 14                   of this Act or the provisions of section 8 of the  
 15                   United States Housing Act of 1937 (as in effect  
 16                   before the enactment of this Act).

17                   (B) 2 members who are executive directors  
 18                   of local housing and management authorities.

19                   (C) 1 member who is a member of the Insti-  
 20                   tute of Real Estate Managers.

21                   (D) 1 member who is the owner of a multi-  
 22                   family housing project assisted under a program  
 23                   administered by the Secretary of Housing and  
 24                   Urban Development.

1           (2) *REQUIRED EXPERIENCE.*—*The Board shall*  
2           *at all times have as members individuals with the fol-*  
3           *lowing experience:*

4                   (A) *At least 1 individual who has extensive*  
5                   *experience in the residential real estate finance*  
6                   *business.*

7                   (B) *At least 1 individual who has extensive*  
8                   *experience in operating a nonprofit organization*  
9                   *that provides affordable housing.*

10                  (C) *At least 1 individual who has extensive*  
11                  *experience in construction of multifamily hous-*  
12                  *ing.*

13                  (D) *At least 1 individual who has extensive*  
14                  *experience in the management of a community*  
15                  *development corporation.*

16           *A single member of the board with the appropriate ex-*  
17           *perience may satisfy the requirements of more than 1*  
18           *subparagraph of this paragraph. A single member of*  
19           *the board with the appropriate qualifications and ex-*  
20           *perience may satisfy the requirements of a subpara-*  
21           *graph of paragraph (1) and a subparagraph of this*  
22           *paragraph.*

23           (c) *POLITICAL AFFILIATION.*—*Not more than 6 mem-*  
24           *bers of the Board may be of the same political party.*

25           (d) *TERMS.*—



1           (1) *IN GENERAL.*—*Each member of the Board*  
 2           *shall be appointed for a term of 4 years, except as*  
 3           *provided in paragraphs (2) and (3).*

4           (2) *TERMS OF INITIAL APPOINTEES.*—*As des-*  
 5           *ignated by the President at the time of appointment,*  
 6           *of the members first appointed—*

7                     (A) *3 shall be appointed for terms of 1 year;*

8                     (B) *3 shall be appointed for terms of 2*  
 9                     *years;*

10                    (C) *3 shall be appointed for terms of 3*  
 11                    *years; and*

12                    (D) *3 shall be appointed for terms of 4*  
 13                    *years;*

14           (3) *VACANCIES.*—*Any member appointed to fill a*  
 15           *vacancy occurring before the expiration of the term*  
 16           *for which the member's predecessor was appointed*  
 17           *shall be appointed only for the remainder of that*  
 18           *term. A member may serve after the expiration of that*  
 19           *member's term until a successor has taken office. A*  
 20           *vacancy in the Board shall be filled in the manner in*  
 21           *which the original appointment was made.*

22           (e) *CHAIRPERSON.*—*The Board shall elect a chair-*  
 23           *person from among members of the Board.*

24           (f) *QUORUM.*—*A majority of the members of the Board*  
 25           *shall constitute a quorum for the transaction of business.*

1       (g) *VOTING.*—*Each member of the Board shall be enti-*  
 2 *tled to 1 vote, which shall be equal to the vote of every other*  
 3 *member of the Board.*

4       (h) *PROHIBITION ON ADDITIONAL PAY.*—*Members of*  
 5 *the Board shall serve without compensation, but shall be*  
 6 *reimbursed for travel, subsistence, and other necessary ex-*  
 7 *penses incurred in the performance of their duties as mem-*  
 8 *bers of the Board.*

9       **SEC. 403. FUNCTIONS.**

10       *The purpose of this subtitle is to establish the Board*  
 11 *as a nonpolitical entity to carry out the following functions:*

12               (1) *EVALUATION OF DEEP SUBSIDY PRO-*  
 13 *GRAMS.*—*Measuring the performance and efficiency of*  
 14 *all “deep subsidy” programs for housing assistance*  
 15 *administered by the Secretary of Housing and Urban*  
 16 *Development, including the public housing program*  
 17 *under title II and the programs for tenant- and*  
 18 *project-based rental assistance under title III and sec-*  
 19 *tion 8 of the United States Housing Act of 1937 (as*  
 20 *in effect before the enactment of this Act).*

21               (2) *ESTABLISHMENT OF LHMA PERFORMANCE*  
 22 *BENCHMARKS.*—*Establishing standards and guide-*  
 23 *lines under section 431 for use by the Secretary in*  
 24 *measuring the performance and efficiency of local*  
 25 *housing and management authorities and other own-*

1        *ers and providers of federally assisted housing in car-*  
 2        *rying out operational and financial functions.*

3            (3) *ACCREDITATION OF LHMA'S.—Establishing a*  
 4        *procedure under section 431(b) for accrediting local*  
 5        *housing and management authorities to receive block*  
 6        *grants under title I for the operation, maintenance,*  
 7        *and production of public housing, ensuring that fi-*  
 8        *nancial and performance audits under such section*  
 9        *are conducted annually for each local housing and*  
 10       *management authority, and reviewing such audits for*  
 11       *purposes of accreditation.*

12           (4) *CLASSIFICATION OF LHMA'S.—Classifying*  
 13        *local housing and management authorities, under to*  
 14        *section 434, according to the performance categories*  
 15        *under section 431(a)(2).*

16       **SEC. 404. INITIAL ESTABLISHMENT OF STANDARDS AND**  
 17       **PROCEDURES FOR LHMA COMPLIANCE.**

18        (a) *DEADLINE.—Not later than the expiration of the*  
 19        *12-month period beginning upon the completion of the ap-*  
 20        *pointment, under section 402, of the initial members of the*  
 21        *Board, the Board shall organize its structure and oper-*  
 22        *ations, establish the standards, guidelines, and procedures*  
 23        *under sections 431, and establish any fees under section*  
 24        *406. Before issuing such standards, guidelines, and proce-*

1 *dures in final form, the Board shall submit a copy to the*  
 2 *Congress.*

3       **(b) PRIORITY OF INITIAL EVALUATIONS.**—*After orga-*  
 4 *nization of the Board and establishment of standards,*  
 5 *guidelines, and procedures under sections 431, the Board*  
 6 *shall commence evaluations under section 433(b) for the*  
 7 *purpose of accrediting local housing and management au-*  
 8 *thorities and shall give priority to conducting evaluations*  
 9 *of local housing and management authorities that are des-*  
 10 *ignated as troubled public housing agencies under section*  
 11 *6(j) of the United States Housing Act of 1937 (as in effect*  
 12 *before the date of the enactment of this Act) pursuant to*  
 13 *section 431(d).*

14 **SEC. 405. POWERS.**

15       **(a) HEARINGS.**—*The Board may, for the purpose of*  
 16 *carrying out this subtitle, hold such hearings and sit and*  
 17 *act at such times and places as the Board determines appro-*  
 18 *priate.*

19       **(b) RULES AND REGULATIONS.**—*The Board may*  
 20 *adopt such rules and regulations as may be necessary to*  
 21 *establish its procedures and to govern the manner of its op-*  
 22 *erations, organization, and personnel.*

23       **(c) ASSISTANCE FROM FEDERAL AGENCIES.**—

24               **(1) INFORMATION.**—*The Board may secure di-*  
 25 *rectly from any department or agency of the Federal*

1        *Government such information as the Board may re-*  
2        *quire for carrying out its functions, including local*  
3        *housing management plans submitted to the Secretary*  
4        *by local housing and management authorities under*  
5        *title II. Upon request of the Board, any such depart-*  
6        *ment or agency shall furnish such information. The*  
7        *Board may acquire information directly from local*  
8        *housing and management authorities to the same ex-*  
9        *tent the Secretary may acquire such information.*

10            (2) *GENERAL SERVICES ADMINISTRATION.—The*  
11        *Administrator of General Services shall provide to the*  
12        *Board, on a reimbursable basis, such administrative*  
13        *support services as the Board may request.*

14            (3) *DEPARTMENT OF HOUSING AND URBAN DE-*  
15        *VELOPMENT.—Upon the request of the chairperson of*  
16        *the Board, the Secretary of Housing and Urban De-*  
17        *velopment shall, to the extent possible and subject to*  
18        *the discretion of the Secretary, detail any of the per-*  
19        *sonnel of the Department of Housing and Urban De-*  
20        *velopment, on a nonreimbursable basis, to assist the*  
21        *Board in carrying out its functions under this sub-*  
22        *title.*

23            (d) *MAILS.—The Board may use the United States*  
24        *mails in the same manner and under the same conditions*  
25        *as other Federal agencies.*

1       (e) *CONTRACTING.*—*The Board may, to such extent*  
 2 *and in such amounts as are provided in appropriation*  
 3 *Acts, enter into contracts with private firms, institutions,*  
 4 *and individuals for the purpose of conducting research or*  
 5 *surveys necessary to enable the Board to discharge its func-*  
 6 *tions under this subtitle.*

7       (f) *STAFF.*—

8           (1) *EXECUTIVE DIRECTOR.*—*The Board shall ap-*  
 9 *point an executive director of the Board, who shall be*  
 10 *compensated at a rate fixed by the Board, but which*  
 11 *shall not exceed the rate established for level V of the*  
 12 *Executive Schedule under title 5, United States Code.*

13          (2) *OTHER PERSONNEL.*—*In addition to the ex-*  
 14 *ecutive director, the Board may appoint and fix the*  
 15 *compensation of such personnel as the Board consid-*  
 16 *ers necessary, in accordance with the provisions of*  
 17 *title 5, United States Code, governing appointments*  
 18 *to the competitive service, and the provisions of chap-*  
 19 *ter 51 and subchapter III of chapter 53 of such title,*  
 20 *relating to classification and General Schedule pay*  
 21 *rates. Such personnel may include personnel for as-*  
 22 *essment teams under section 431(b).*

23 **SEC. 406. FEES.**

24       (a) *ACCREDITATION FEES.*—*The Board may establish*  
 25 *and charge fees for the accreditation of local housing and*

1 *management authorities as the Board considers necessary*  
2 *to cover the costs of the operations of the Board relating*  
3 *to establishing standards, guidelines, and procedures for*  
4 *evaluating the performance of local housing and manage-*  
5 *ment authorities and performing comprehensive reviews re-*  
6 *lating to the accreditation of such authorities.*

7       (b) *FUND.*—*Any fees collected under this section shall*  
8 *be deposited in an operations fund for the Board, which*  
9 *is hereby established in the Treasury of the United States.*  
10 *Amounts in such fund shall be available, to the extent pro-*  
11 *vided in appropriation Acts, for the expenses of the Board*  
12 *in carrying out its functions under this subtitle.*

13 ***SEC. 407. REPORTS.***

14       *The Board shall submit a report to the Congress annu-*  
15 *ally describing, for the year for which the report is made—*

16           (1) *any modifications made by the Board to the*  
17 *standards, guidelines, and procedures issued under*  
18 *section 431 by the Board;*

19           (2) *the results of the assessments, reviews, and*  
20 *evaluations conducted by the Board under subtitle B;*

21           (3) *the types and extent of assistance, informa-*  
22 *tion, and products provided by the Board; and*

23           (4) *any other activities of the Board.*

1 ***Subtitle B—Accreditation and Over-***  
 2 ***sight Standards and Procedures***

3 ***SEC. 431. ESTABLISHMENT OF PERFORMANCE BENCH-***  
 4 ***MARKS AND ACCREDITATION PROCEDURES.***

5 *(a) PERFORMANCE BENCHMARKS.—*

6 *(1) PERFORMANCE AREAS.—The Housing Foun-*  
 7 *dation and Accreditation Board established under sec-*  
 8 *tion 401 (in this subtitle referred to as the “Board”)*  
 9 *shall establish standards and guidelines, for use under*  
 10 *section 434, to measure the performance of local hous-*  
 11 *ing and management authorities in all aspects relat-*  
 12 *ing to—*

13 *(A) operational and financial functions;*

14 *(B) providing, maintaining, and assisting*  
 15 *low-income housing—*

16 *(i) that is safe, clean, and healthy, as*  
 17 *required under sections 232 and 328;*

18 *(ii) in a manner consistent with the*  
 19 *comprehensive housing affordability strat-*  
 20 *egy under section 105 of the Cranston-Gon-*  
 21 *zalez National Affordable Housing Act, if*  
 22 *appropriate;*

23 *(iii) that is occupied by eligible fami-*  
 24 *lies; and*



1                   (iv) that is affordable to eligible fami-  
2                   lies;

3                   (C) producing low-income housing and exe-  
4                   cuting capital projects, if applicable;

5                   (D) administering the provision of housing  
6                   assistance under title III;

7                   (E) accomplishing the goals and plans set  
8                   forth in the local housing management plan for  
9                   the authority;

10                  (F) promoting responsibility and self-suffi-  
11                  ciency among residents of public housing devel-  
12                  opments of the authority and assisted families  
13                  under title III; and

14                  (G) complying with the other requirements  
15                  of the authority under block grant contracts  
16                  under title II, grant agreements under title III,  
17                  and the provisions of this Act.

18                  (2) *PERFORMANCE CATEGORIES.*—In establish-  
19                  ing standards and guidelines under this section, the  
20                  Board shall define various levels of performance,  
21                  which shall include the following levels:

22                  (A) *EXCEPTIONALLY WELL-MANAGED.*—A  
23                  minimum acceptable level of performance in the  
24                  areas specified in paragraph (1) for classifica-  
25                  tion of a local housing and management author-

1        *ity as exceptionally well-managed, which shall*  
2        *indicate that the authority functions exception-*  
3        *ally.*

4                (B) *WELL-MANAGED.*—*A minimum accept-*  
5        *able level of performance in the areas specified in*  
6        *paragraph (1) for classification of a local hous-*  
7        *ing and management authority as well-managed,*  
8        *which shall indicate that the authority functions*  
9        *satisfactorily.*

10              (C) *AT RISK OF BECOMING TROUBLED.*—*A*  
11        *minimum acceptable level of performance in the*  
12        *areas specified in paragraph (1) for classifica-*  
13        *tion of a local housing and management author-*  
14        *ity as at risk of becoming troubled, which shall*  
15        *indicate that there are elements in the oper-*  
16        *ations, management, or functioning of the au-*  
17        *thority that must be addressed before they result*  
18        *in serious and complicated deficiencies.*

19              (D) *TROUBLED.*—*A minimum level of per-*  
20        *formance in the areas specified in paragraph (1)*  
21        *for classification of a local housing and manage-*  
22        *ment authority as a troubled authority, which*  
23        *shall indicate that the authority functions unsat-*  
24        *isfactorily with respect to certain areas under*

1 paragraph (1), but such deficiencies are not ir-  
2 reparable.

3 (E) *DYSFUNCTIONAL*.—A maximum level of  
4 performance in the areas specified in paragraph  
5 (1) for classification of a local housing and man-  
6 agement authority as dysfunctional, which shall  
7 indicate that the authority suffers such defi-  
8 ciencies that the authority should not be allowed  
9 to continue to manage low-income housing or ad-  
10 minister housing assistance.

11 (3) *ACCREDITATION STANDARD*.—In establishing  
12 standards and guidelines under this section, the  
13 Board shall establish a minimum acceptable level of  
14 performance for accrediting a local housing and man-  
15 agement authority for purposes of authorizing the au-  
16 thority to enter into a new block grant contract under  
17 title II or a new grant agreement under title III.

18 (b) *ACCREDITATION PROCEDURE*.—The Accreditation  
19 Board shall establish procedures for—

20 (1) reviewing the performance of a local housing  
21 and management authority over the term of the expir-  
22 ing accreditation, which review shall be conducted  
23 during the 12-month period that ends upon the con-  
24 clusion of the term of the expiring accreditation;

1           (2) *evaluating the capability of a local housing*  
2           *and management authority that proposes to enter*  
3           *into an initial block grant contract under title II or*  
4           *an initial grant agreement under title III; and*

5           (3) *determining whether the authority complies*  
6           *with the standards and guidelines for accreditation*  
7           *established under subsection (a)(3).*

8           *The procedures for a review or evaluation under this sub-*  
9           *section shall provide for the review or evaluation to be con-*  
10          *ducted by an assessment team established by the Board,*  
11          *which shall review annual financial and performance au-*  
12          *dits conducted under section 432 and obtain such informa-*  
13          *tion as the Board may require.*

14          (c) *IDENTIFICATION OF POTENTIAL PROBLEMS.—The*  
15          *standards and guidelines under subsection (a) and the pro-*  
16          *cedure under subsection (b) shall be established in a manner*  
17          *designed to identify potential problems in the operations,*  
18          *management, functioning of local housing and management*  
19          *authorities at a time before such problems result in serious*  
20          *and complicated deficiencies.*

21          (d) *INTERIM APPLICABILITY OF PHMAP.—Notwith-*  
22          *standing any other provision of this subtitle, during the pe-*  
23          *riod that begins on the date of the enactment of this Act*  
24          *and ends upon the date of the effectiveness of final regula-*  
25          *tions establishing the standards, guidelines, and procedures*

1 *required under this section and section 432, the Secretary*  
2 *shall assess the management performance of local housing*  
3 *and management authorities in the same manner provided*  
4 *for public housing agencies pursuant to section 6(j) of the*  
5 *United States Housing Act of 1937 (as in effect imme-*  
6 *diately before the enactment of this Act) and may take ac-*  
7 *tions with respect to local housing and management au-*  
8 *thorities that are authorized under such section with respect*  
9 *to public housing agencies.*

10 ***SEC. 432. ANNUAL FINANCIAL AND PERFORMANCE AUDIT.***

11 *(a) REQUIREMENT.—The Secretary shall require each*  
12 *local housing and management authority that receives*  
13 *grant amounts under this Act in a fiscal year to have a*  
14 *financial and performance audit of the authority conducted*  
15 *for the fiscal year and to submit the results of the audit*  
16 *to the Secretary and the Board. Not later than 60 days be-*  
17 *fore submitting a financial and performance audit to the*  
18 *Secretary and the Board, the local housing and manage-*  
19 *ment authority shall submit the audit to any local elected*  
20 *official or officials responsible for appointing the members*  
21 *of the board of directors (or other similar governing body)*  
22 *of the local housing and management authority for review*  
23 *and comment. Any such comments shall be submitted, to-*  
24 *gether with the audit, to the Secretary and the Board and*

1 *the Secretary and the Board shall consider such comments*  
2 *in reviewing the audit.*

3 (b) *PROCEDURES.— The requirements for financial*  
4 *and performance audits shall—*

5 (1) *provide for the audit to be conducted by an*  
6 *independent auditor selected by the authority;*

7 (2) *authorize the auditor to obtain information*  
8 *from a local housing and management authority, to*  
9 *access any books, documents, papers, and records of*  
10 *an authority that are pertinent to this Act and assist-*  
11 *ance received pursuant to this Act, and to review any*  
12 *reports of an authority to the Secretary; and*

13 (3) *be designed to identify potential problems in*  
14 *the operations, management, functioning of a local*  
15 *housing and management authority at a time before*  
16 *such problems result in serious and complicated defi-*  
17 *ciencies.*

18 (c) *PURPOSE.—Audits under this section shall be de-*  
19 *signed to—*

20 (1) *evaluate the financial performance and*  
21 *soundness and management performance of the local*  
22 *housing and management authority board of directors*  
23 *(or other similar governing body) and the authority*  
24 *management officials and staff;*

1           (2) *assess the compliance of an authority with*  
2           *all aspects of the standards and guidelines established*  
3           *under section 431(a)(1); and*

4           (3) *provide information to the Secretary and the*  
5           *Board regarding the financial performance and man-*  
6           *agement of the authority and to determine whether a*  
7           *review under section 225(d) or 353(c) is required.*

8           (d) *SINGLE AUDIT ACT COMPLIANCE.—An audit*  
9           *under this section shall be made in a manner so that the*  
10          *audit complies with the requirements for audits under*  
11          *chapter 75 of title 31, United States Code.*

12          (e) *WITHHOLDING OF AMOUNTS FOR COSTS OF*  
13          *AUDIT.—If the Secretary determines that a local housing*  
14          *and management authority has failed to take the actions*  
15          *required to submit an audit under this section for a fiscal*  
16          *year, the Secretary may—*

17               (1) *arrange for, and pay the costs of, the audit;*  
18               *and*

19               (2) *withhold, from the total allocation for any*  
20               *fiscal year otherwise payable to the authority under*  
21               *this Act, amounts sufficient to pay for the reasonable*  
22               *costs of conducting an acceptable audit, including, if*  
23               *appropriate, the reasonable costs of accounting serv-*  
24               *ices necessary to place the authority's books and*  
25               *records in condition that permits an audit.*

1 **SEC. 433. ACCREDITATION.**

2       (a) *REVIEW UPON EXPIRATION OF PREVIOUS ACCRED-*  
3 *ITATION.*—*The Accreditation Board shall perform a com-*  
4 *prehensive review of the performance of a local housing and*  
5 *management authority, in accordance with the procedures*  
6 *established under section 431(b), before the expiration of the*  
7 *term for which a previous accreditation was granted under*  
8 *this subtitle.*

9       (b) *INITIAL EVALUATION.*—

10           (1) *IN GENERAL.*—*Before entering into an ini-*  
11 *tial block grant contract under title II or an initial*  
12 *contract pursuant to section 302 for assistance under*  
13 *title III with any local housing and management au-*  
14 *thority, the Board shall conduct a comprehensive*  
15 *evaluation of the capabilities of the local housing and*  
16 *management authority.*

17           (2) *EXCEPTION.*—*Paragraph (1) shall not apply*  
18 *to an initial block grant contract or grant agreement*  
19 *entered into during the period beginning upon the*  
20 *date of the enactment of this Act and ending upon the*  
21 *date of the effectiveness of final regulations establish-*  
22 *ing the standards, guidelines, and procedures required*  
23 *under section 431 with any public housing agency*  
24 *that received amounts under the United States Hous-*  
25 *ing Act of 1937 during fiscal year 1995.*



1       (c) *DETERMINATION AND REPORT.*—Pursuant to a re-  
2 view or evaluation under this section, the Board shall deter-  
3 mine whether the authority meets the requirements for ac-  
4 creditation under section 431(a)(3), shall accredit the au-  
5 thority if it meets such requirements, and shall submit a  
6 report on the results of the review or evaluation and such  
7 determination to the Secretary and the authority.

8       (d) *ACCREDITATION.*—An accreditation under this sec-  
9 tion shall expire at the end the term established by the  
10 Board in granting the accreditation, which may not exceed  
11 5 years. The Board may qualify an accreditation placing  
12 conditions on the accreditation based on the future perform-  
13 ance of the authority.

14   **SEC. 434. CLASSIFICATION BY PERFORMANCE CATEGORY.**

15       Upon completing the accreditation process under sec-  
16 tion 433 with respect to a local housing and management  
17 authority, the Housing Finance and Accreditation Board  
18 shall designate the authority according to the performance  
19 categories under section 431(a)(2). In determining the clas-  
20 sification of an authority, the Board shall consider the most  
21 recent financial and performance audit under section 432  
22 of the authority and accreditation reports under section  
23 433(c) for the authority.

1 **SEC. 435. PERFORMANCE AGREEMENTS FOR AUTHORITIES**

2 **AT RISK OF BECOMING TROUBLED.**

3 (a) *IN GENERAL.*—Upon designation of a local hous-  
4 ing and management authority as at risk of becoming trou-  
5 bled under section 431(a)(2)(C), the Secretary shall seek to  
6 enter into an agreement with the authority providing for  
7 improvement of the elements of the authority that have been  
8 identified. An agreement under this section shall contain  
9 such terms and conditions as the Secretary determines are  
10 appropriate for addressing the elements identified, which  
11 may include an on-site, independent assessment of the man-  
12 agement of the authority.

13 (b) *POWERS OF SECRETARY.*—If the Secretary deter-  
14 mines that such action is necessary to prevent the local  
15 housing and management authority from becoming a trou-  
16 bled authority, the Secretary may—

17 (1) *solicit competitive proposals from other local*  
18 *housing and management authorities and private*  
19 *housing management agents (which may be selected*  
20 *by existing tenants through administrative procedures*  
21 *established by the Secretary), to prepare for any case*  
22 *in which such agents may be needed for managing*  
23 *all, or part, of the housing administered by the au-*  
24 *thority; or*

25 (2) *solicit competitive proposals from other local*  
26 *housing and management authorities and private en-*

8           (a) *IN GENERAL.*—Upon designation of a local hous-  
9   ing and management authority as a troubled authority  
10 under section 431(a)(2)(D), the Secretary shall seek to enter  
11 into an agreement with the authority providing for improv-  
12 ing the management performance of the authority.

(1) targets for improving performance, as measured by the guidelines and standards established under section 431(a)(1) and other requirements within a specified period of time, which shall include targets to be met upon the expiration of the 12-month period beginning upon entering into the agreement;

23 (3) sanctions for failure to implement such strat-  
24 egies; and

1           (4) *to the extent the Secretary deems appro-*  
 2           *priate, a plan for enhancing resident involvement in*  
 3           *the management of the local housing and management*  
 4           *authority.*

5           (c) *LOCAL ASSISTANCE IN IMPLEMENTATION.—The*  
 6           *Secretary and the local housing and management authority*  
 7           *shall, to the maximum extent practicable, seek the assistance*  
 8           *of local public and private entities in carrying out an*  
 9           *agreement under this section.*

10          (d) *DEFAULT UNDER PERFORMANCE AGREEMENT.—*  
 11          *Upon the expiration of the 12-month period beginning upon*  
 12          *entering into an agreement under this section with a local*  
 13          *housing and management authority, the Secretary shall re-*  
 14          *view the performance of the authority in relation to the per-*  
 15          *formance targets and strategies under the agreement. If the*  
 16          *Secretary determines that the authority has failed to com-*  
 17          *ply with the performance targets established for the expira-*  
 18          *tion of such period, the Secretary shall take the action au-*  
 19          *thorized under section 437(b)(2).*

20          (e) *CDBG SANCTION AGAINST LOCAL GOVERNMENT*  
 21          *CONTRIBUTING TO TROUBLED STATUS OF LHMA.—If the*  
 22          *Secretary determines that the actions or inaction of any*  
 23          *unit of general local government within which any portion*  
 24          *of the jurisdiction of a local housing and management au-*  
 25          *thority is located has substantially contributed to the condi-*

1 *tions resulting in the authority being designated under sec-*  
 2 *tion 431(a)(2)(D) as a troubled authority, the Secretary*  
 3 *may redirect or withhold, from such unit of general local*  
 4 *government any amounts allocated for such unit under sec-*  
 5 *tion 106 of such Act.*

6 **SEC. 437. OPTION TO DEMAND CONVEYANCE OF TITLE TO**  
 7 **OR POSSESSION OF PUBLIC HOUSING.**

8 *(a) AUTHORITY FOR CONVEYANCE.—A contract under*  
 9 *section 201 for block grants under title II (including con-*  
 10 *tracts which amend or supersede contracts previously made*  
 11 *(including contracts for contributions)) may provide that*  
 12 *upon the occurrence of a substantial default with respect*  
 13 *to the covenants or conditions to which the local housing*  
 14 *and management authority is subject (as such substantial*  
 15 *default shall be defined in such contract) or upon designa-*  
 16 *tion of the authority as dysfunctional pursuant to section*  
 17 *431(a)(2)(E), the local housing and management authority*  
 18 *shall be obligated, at the option of the Secretary, to—*

19 *(1) convey title in any case where, in the deter-*  
 20 *mination of the Secretary (which determination shall*  
 21 *be final and conclusive), such conveyance of title is*  
 22 *necessary to achieve the purposes of this Act; or*

23 *(2) deliver to the Secretary possession of the de-*  
 24 *velopment, as then constituted, to which such contract*  
 25 *relates.*

1       (b) *OBLIGATION TO RECONVEY.*—Any block grant con-  
2 tract under title II containing the provisions authorized in  
3 subsection (a) shall also provide that the Secretary shall  
4 be obligated to reconvey or redeliver possession of the devel-  
5 opment, as constituted at the time of reconveyance or rede-  
6 livery, to such local housing and management authority or  
7 to its successor (if such local housing and management au-  
8 thority or a successor exists) upon such terms as shall be  
9 prescribed in such contract, and as soon as practicable  
10 after—

11           (1) the Secretary is satisfied that all defaults  
12 with respect to the development have been cured, and  
13 that the development will, in order to fulfill the pur-  
14 poses of this Act, thereafter be operated in accordance  
15 with the terms of such contract; or

16           (2) the termination of the obligation to make an-  
17 nual block grants to the authority, unless there are  
18 any obligations or covenants of the authority to the  
19 Secretary which are then in default.

20 Any prior conveyances and reconveyances or deliveries and  
21 redeliveries of possession shall not exhaust the right to re-  
22 quire a conveyance or delivery of possession of the develop-  
23 ment to the Secretary pursuant to subsection (a) upon the  
24 subsequent occurrence of a substantial default.

1       (c) *CONTINUED GRANTS FOR REPAYMENT OF BONDS*  
2 *AND NOTES UNDER 1937 ACT.—If—*

3           (1) *a contract for block grants under title II for*  
4 *an authority includes provisions that expressly state*  
5 *that the provisions are included pursuant to this sub-*  
6 *section, and*

7           (2) *the portion of the block grant payable for*  
8 *debt service requirements pursuant to the contract has*  
9 *been pledged by the local housing and management*  
10 *authority as security for the payment of the principal*  
11 *and interest on any of its obligations, then—*

12           (A) *the Secretary shall (notwithstanding*  
13 *any other provisions of this Act), continue to*  
14 *make the block grant payments for the authority*  
15 *so long as any of such obligations remain out-*  
16 *standing; and*

17           (B) *the Secretary may covenant in such a*  
18 *contract that in any event such block grant*  
19 *amounts shall in each year be at least equal to*  
20 *an amount which, together with such income or*  
21 *other funds as are actually available from the de-*  
22 *velopment for the purpose at the time such block*  
23 *grant payments are made, will suffice for the*  
24 *payment of all installments of principal and in-*  
25 *terest on the obligations for which the amounts*

1           *provided for in the contract shall have been*  
2           *pledged as security that fall due within the next*  
3           *succeeding 12 months.*

4   *In no case shall such block grant amounts be in excess of*  
5   *the maximum sum specified in the contract involved, nor*  
6   *for longer than the remainder of the maximum period fixed*  
7   *by the contract.*

8   ***SEC. 438. REMOVAL OF INEFFECTIVE LHMA'S.***

9           *(a) CONDITIONS OF REMOVAL.—The actions specified*  
10   *in subsection (b) may be taken only upon—*

11           *(1) the occurrence of events or conditions that*  
12           *constitute a substantial default by a local housing*  
13           *and management authority with respect to (A) the*  
14           *covenants or conditions to which the local housing*  
15           *and management authority is subject, or (B) an*  
16           *agreement entered into under section 435;*

17           *(2) designation of the authority as dysfunctional*  
18           *pursuant to section 431(a)(2)(E);*

19           *(3) in the case only of action under subsection*  
20           *(b)(1), failure of a local housing and management au-*  
21           *thority to obtain reaccreditation upon the expiration*  
22           *of the term of a previous accreditation granted under*  
23           *this subtitle; or*

24           *(4) submission to the Secretary of a petition by*  
25           *the residents of the public housing owned or operated*



1        *by a local housing and management authority that is*  
2        *designated as troubled or dysfunctional pursuant to*  
3        *section 431(a)(2).*

4        *(b) REMOVAL ACTIONS.—Notwithstanding any other*  
5        *provision of law or of any block grant contract under title*  
6        *II or any grant agreement under title III, in accordance*  
7        *with subsection (a), the Secretary may—*

8                *(1) solicit competitive proposals from other local*  
9        *housing and management authorities and private*  
10       *housing management agents (which, in the discretion*  
11       *of the Secretary, may be selected by existing public*  
12       *housing residents through administrative procedures*  
13       *established by the Secretary) and, if appropriate, pro-*  
14       *vide for such agents to manage all, or part, of the*  
15       *housing administered by the local housing and man-*  
16       *agement authority or all or part of the other functions*  
17       *of the authority;*

18                *(2) take possession of the local housing and man-*  
19       *agement authority, including any developments or*  
20       *functions of the authority under any section of this*  
21       *Act;*

22                *(3) solicit competitive proposals from other local*  
23       *housing and management authorities and private en-*  
24       *tities with experience in construction management*  
25       *and, if appropriate, provide for such authorities or*

1        *firms to oversee implementation of assistance made*  
2        *available for capital improvements for public housing;*

3            *(4) require the authority to make other arrange-*  
4        *ments acceptable to the Secretary and in the best in-*  
5        *terests of the public housing residents and assisted*  
6        *families under title III for managing all, or part of,*  
7        *the public housing administered by the authority or*  
8        *the functions of the authority; or*

9            *(5) if the Secretary determines that reasonable*  
10        *opportunities for remedy using the actions under*  
11        *paragraphs (1) through (4) have failed or are not*  
12        *available, petition for the appointment of a receiver*  
13        *for the local housing and management authority to*  
14        *any district court of the United States or to any court*  
15        *of the State in which any portion of the jurisdiction*  
16        *of the local housing and management authority is lo-*  
17        *cated, that is authorized to appoint a receiver for the*  
18        *purposes and having the powers prescribed in this*  
19        *section.*

20        *(c) EMERGENCY ASSISTANCE.—The Secretary may*  
21        *make available to receivers and other entities selected or ap-*  
22        *pointed pursuant to this section such assistance as is fair*  
23        *and reasonable to remedy the substantial deterioration of*  
24        *living conditions in individual public housing developments*  
25        *or other related emergencies that endanger the health, safety*

1 *and welfare of public housing residents or assisted families*  
2 *under title III.*

3 (d) *POWERS OF SECRETARY.—If the Secretary takes*  
4 *possession of an authority, or any developments or func-*  
5 *tions of an authority, pursuant to subsection (b)(2), the Sec-*  
6 *retary—*

7 (1) *may abrogate contracts that substantially*  
8 *impede correction of the substantial default or im-*  
9 *provement of the classification;*

10 (2) *may demolish and dispose of assets of the au-*  
11 *thority in accordance with subtitle E;*

12 (3) *where determined appropriate by the Sec-*  
13 *retary, may require the establishment of one or more*  
14 *new local housing and management authorities;*

15 (4) *may consolidate the authority into other*  
16 *well-managed local housing and management authori-*  
17 *ties with the consent of such well-managed authori-*  
18 *ties;*

19 (5) *shall not be subject to any State or local laws*  
20 *that, in the determination of the receiver, substan-*  
21 *tially impede correction of the substantial default or*  
22 *improvement of the classification; and*

23 (6) *shall have such additional authority as a dis-*  
24 *trict court of the United States has the authority to*

1       *confer under like circumstances upon a receiver to*  
2       *achieve the purposes of the receivership.*

3       *The Secretary may appoint, on a competitive or non-*  
4       *competitive basis, an individual or entity as an adminis-*  
5       *trative receiver to assume the Secretary's responsibility*  
6       *under this paragraph for the administration of a local*  
7       *housing and management authority. The Secretary may*  
8       *delegate to the administrative receiver any or all of the pow-*  
9       *ers of the Secretary under this subsection. Regardless of any*  
10       *delegation under this subsection, an administrative receiver*  
11       *may not require the establishment of one or more new local*  
12       *housing and management authorities pursuant to para-*  
13       *graph (3) unless the Secretary first approves such establish-*  
14       *ment. For purposes of this subsection, the term "local hous-*  
15       *ing and management authority" includes any developments*  
16       *or functions of a local housing and management authority*  
17       *under any section of this title.*

18       *(e) RECEIVERSHIP.—*

19               *(1) REQUIRED APPOINTMENT.—In any proceed-*  
20       *ing under subsection (b)(5), upon a determination*  
21       *that a substantial default has occurred, and without*  
22       *regard to the availability of alternative remedies, the*  
23       *court shall appoint a receiver to conduct the affairs*  
24       *of the local housing and management authority in a*  
25       *manner consistent with this Act and in accordance*

1     *with such further terms and conditions as the court*  
2     *may provide. The receiver appointed may be another*  
3     *local housing and management authority, a private*  
4     *management corporation, the Secretary, or any other*  
5     *appropriate entity. The court shall have power to*  
6     *grant appropriate temporary or preliminary relief*  
7     *pending final disposition of the petition by the Sec-*  
8     *retary.*

9             (2) *POWERS OF RECEIVER.—If a receiver is ap-*  
10     *pointed for a local housing and management author-*  
11     *ity pursuant to subsection (b)(5), in addition to the*  
12     *powers accorded by the court appointing the receiver,*  
13     *the receiver—*

14             (A) *may abrogate contracts that substan-*  
15     *tially impede correction of the substantial default*  
16     *or improvement of the classification;*

17             (B) *may demolish and dispose of assets of*  
18     *the authority in accordance with subtitle E;*

19             (C) *where determined appropriate by the*  
20     *Secretary, may require the establishment of one*  
21     *or more new local housing and management au-*  
22     *thorities, to the extent permitted by State and*  
23     *local law; and*

24             (D) *except as provided in subparagraph (C),*  
25     *shall not be subject to any State or local laws*

1           *that, in the determination of the receiver, sub-*  
2           *stantially impede correction of the substantial*  
3           *default or improvement of the classification.*

4           *For purposes of this paragraph, the term “local hous-*  
5           *ing and management authority” includes any devel-*  
6           *opments or functions of a local housing and manage-*  
7           *ment authority under any section of this title.*

8           (3) *TERMINATION.—The appointment of a re-*  
9           *ceiver pursuant to this subsection may be terminated,*  
10          *upon the petition of any party, when the court deter-*  
11          *mines that all defaults have been cured or the local*  
12          *housing and management authority will be able to*  
13          *make the same amount of progress in correcting the*  
14          *management of the housing as the receiver.*

15          (f) *LIABILITY.—If the Secretary takes possession of an*  
16          *authority pursuant to subsection (b)(2) or a receiver is ap-*  
17          *pointed pursuant to subsection (b)(5) for a local housing*  
18          *and management authority, the Secretary or the receiver*  
19          *shall be deemed to be acting in the capacity of the local*  
20          *housing and management authority (and not in the official*  
21          *capacity as Secretary or other official) and any liability*  
22          *incurred shall be a liability of the local housing and man-*  
23          *agement authority.*

1 **SEC. 439. MANDATORY TAKEOVER OF CHRONICALLY TROU-**  
2 **bled PHA'S.**

3 (a) *REMOVAL OF AGENCY.*—Notwithstanding any  
4 other provision of this Act, not later than the expiration  
5 of the 180-day period beginning on the date of the enact-  
6 ment of this Act, the Secretary shall take one of the follow-  
7 ing actions with respect to each chronically troubled public  
8 housing agency:

9 (1) *CONTRACTING FOR MANAGEMENT.*—Solicit  
10 competitive proposals for the management of the  
11 agency pursuant to section 437(b)(1) and replace the  
12 management of the agency pursuant to selection of  
13 such a proposal.

14 (2) *TAKEOVER.*—Take possession of the agency  
15 pursuant to section 437(b)(2) of such Act.

16 (b) *DEFINITION.*—For purposes of this section, the  
17 term “chronically troubled public housing agency” means  
18 a public housing agency that, as of the date of the enactment  
19 of this Act, is designated under section 6(j)(2) of the United  
20 States Housing Act of 1937 (as in effect immediately before  
21 the enactment of this Act) as a troubled public housing  
22 agency and has been so designated continuously for the 3-  
23 year period ending upon such date of enactment; except that  
24 such term does not include any agency that owns or oper-  
25 ates less than 1250 public housing dwelling units and that  
26 the Secretary determines can, with a reasonable amount of

1 *effort, make such improvements or remedies as may be nec-*  
2 *essary to remove its designation as troubled within 12*  
3 *months.*

4 ***SEC. 440. TREATMENT OF TROUBLED PHA'S.***

5 *(a) EFFECT OF TROUBLED STATUS ON CHAS.—The*  
6 *comprehensive housing affordability strategy (or any con-*  
7 *solidated plan incorporating such strategy) for the first*  
8 *year beginning after the date of the enactment of this Act*  
9 *for the State or unit of general local government in which*  
10 *any troubled public housing agency is located shall not be*  
11 *considered to comply with the requirements under section*  
12 *105 of the Cranston-Gonzalez National Affordable Housing*  
13 *Act unless such plan includes a description of the manner*  
14 *in which the State or unit will assist such troubled agency*  
15 *in improving its operations to remove such designation.*

16 *(b) DEFINITION.—For purposes of this section, the*  
17 *term “troubled public housing agency” means a public*  
18 *housing agency that—*

19 *(1) upon the date of the enactment of this Act,*  
20 *is designated under section 6(j)(2) of the United*  
21 *States Housing Act of 1937 (as in effect immediately*  
22 *before the enactment of this Act) as a troubled public*  
23 *housing agency; and*



1           (2) *is not a chronically troubled public housing*  
2           *agency, as such term is defined in section 438(b) of*  
3           *this Act.*

4   **SEC. 441. MAINTENANCE OF AND ACCESS TO RECORDS.**

5           (a) *KEEPING OF RECORDS.*—*Each local housing and*  
6           *management authority shall keep such records as may be*  
7           *reasonably necessary to disclose the amount and the disposi-*  
8           *tion by the authority of the proceeds of assistance received*  
9           *pursuant to this Act and to ensure compliance with the re-*  
10          *quirements of this Act.*

11          (b) *ACCESS TO DOCUMENTS.*—*The Secretary, the In-*  
12          *spector General for the Department of Housing and Urban*  
13          *Development, and the Comptroller General of the United*  
14          *States shall each have access for the purpose of audit and*  
15          *examination to any books, documents, papers, and records*  
16          *of a local housing and management authority that are per-*  
17          *tinent to this Act and assistance received pursuant to this*  
18          *Act.*

19   **SEC. 442. ANNUAL REPORTS REGARDING TROUBLED**  
20                **LHMA'S.**

21          *The Secretary shall submit a report to the Congress*  
22          *annually, as a part of the report of the Secretary under*  
23          *section 8 of the Department of Housing and Urban Develop-*  
24          *ment Act, that—*

1           (1) *identifies the local housing and management*  
 2           *authorities that are designated as troubled or dysfunc-*  
 3           *tional under section 431(a)(2) and the reasons for*  
 4           *such designation;*

5           (2) *identifies the local housing and management*  
 6           *authorities that have lost accreditation pursuant to*  
 7           *section 432; and*

8           (3) *describes any actions that have been taken in*  
 9           *accordance with sections 433, 434, 435, and 436.*

10 **SEC. 443. APPLICABILITY TO RESIDENT MANAGEMENT COR-**  
 11 **PORATIONS.**

12           *The Secretary shall apply the provisions of this sub-*  
 13           *title to resident management corporations in the same man-*  
 14           *ner as applied to local housing and management authori-*  
 15           *ties.*

16 **SEC. 444. INAPPLICABILITY TO INDIAN HOUSING.**

17           *The provisions of sections 431, 432, 433, 434, 435, 436,*  
 18           *438, and 442 shall not apply to public housing developed*  
 19           *or operated pursuant to a contract between the Secretary*  
 20           *and an Indian housing authority.*

21 **TITLE V—REPEALS AND**  
 22 **CONFORMING AMENDMENTS**

23 **SEC. 501. REPEALS.**

24           (a) *IN GENERAL.*—*The following provisions of law are*  
 25           *hereby repealed:*

1           (1) *UNITED STATES HOUSING ACT OF 1937.*—*The*  
2           *United States Housing Act of 1937* (42 U.S.C. 1437  
3           *et seq.*).

4           (2) *ASSISTED HOUSING ALLOCATION.*—*Section*  
5           *213 of the Housing and Community Development Act*  
6           *of 1974* (42 U.S.C. 1439).

7           (3) *PUBLIC HOUSING RENT WAIVERS FOR PO-*  
8           *LICE.*—*Section 519 of the Cranston-Gonzalez Na-*  
9           *tional Affordable Housing Act* (42 U.S.C. 1437a–1).

10          (4) *OCCUPANCY PREFERENCES AND INCOME MIX*  
11          *FOR NEW CONSTRUCTION AND SUBSTANTIAL REHA-*  
12          *BILITATION PROJECTS.*—*Subsection (c) of section 545,*  
13          *and section 555, of the Cranston-Gonzalez National*  
14          *Affordable Housing Act* (42 U.S.C. 1437f note).

15          (5) *TREATMENT OF CERTIFICATE AND VOUCHER*  
16          *HOLDERS.*—*Subsection (c) of section 183 of the Hous-*  
17          *ing and Community Development Act of 1987* (42  
18          U.S.C. 1437f note).

19          (6) *RETROACTIVE PAYMENT FOR ANNUAL AD-*  
20          *JUSTMENT FACTORS.*—*Section 801 of the Department*  
21          *of Housing and Urban Development Reform Act of*  
22          *1989* (42 U.S.C. 1437f note).

23          (7) *EXCESSIVE RENT BURDEN DATA.*—*Subsection*  
24          *(b) of section 550 of the Cranston-Gonzalez National*  
25          *Affordable Housing Act* (42 U.S.C. 1437f note).

1           (8) *SECTION 8 DISASTER RELIEF.*—Sections 931  
2           and 932 of the Cranston-Gonzalez National Affordable  
3           Housing Act (42 U.S.C. 1437c note).

4           (9) *MOVING TO OPPORTUNITY FOR FAIR HOUS-*  
5           *ING.*—Section 152 of the Housing and Community  
6           Development Act of 1992 (42 U.S.C. 1437f note).

7           (10) *REPORT REGARDING FAIR HOUSING OBJEC-*  
8           *TIVES.*—Section 153 of the Housing and Community  
9           Development Act of 1992 (42 U.S.C. 1437f note).

10          (11) *SECTION 8 COMMUNITY INVESTMENT DEM-*  
11          *ONSTRATION.*—Section 6 of the HUD Demonstration  
12          Act of 1993 (42 U.S.C. 1437f note).

13          (12) *SPECIAL PROJECTS FOR ELDERLY OR*  
14          *HANDICAPPED FAMILIES.*—Section 209 of the Housing  
15          and Community Development Act of 1974 (42 U.S.C.  
16          1438).

17          (13) *ACCESS TO PHA BOOKS.*—Section 816 of the  
18          Housing Act of 1954 (42 U.S.C. 1435).

19          (14) *MISCELLANEOUS PROVISIONS.*—Subsections  
20          (b)(1), (c), and (d) of section 326 of the Housing and  
21          Community Development Amendments of 1981 (Pub-  
22          lic Law 97–35, 95 Stat. 406; 42 U.S.C. 1437f note).

23          (15) *PAYMENT FOR DEVELOPMENT MANAGERS.*—  
24          Section 329A of the Housing and Community Devel-  
25          opment Amendments of 1981 (42 U.S.C. 1437j–1).

1           (16) *PURCHASE OF PHA OBLIGATIONS.—Section*  
2           *329E of the Housing and Community Development*  
3           *Amendments of 1981 (12 U.S.C. 2294a).*

4           (17) *PROCUREMENT OF INSURANCE BY PHA’S.—*

5                 (A) *In the item relating to “ADMINISTRA-*  
6                 *TIVE PROVISIONS” under the heading “MANAGE-*  
7                 *MENT AND ADMINISTRATION” in title II of the*  
8                 *Departments of Veterans Affairs and Housing*  
9                 *and Urban Development, and Independent Agen-*  
10                *cies Appropriations Act, 1991, the penultimate*  
11                *undesignated paragraph of such item (Public*  
12                *Law 101–507; 104 Stat. 1369).*

13                (B) *In the item relating to “ADMINISTRA-*  
14                *TIVE PROVISIONS” under the heading “MANAGE-*  
15                *MENT AND ADMINISTRATION” in title II of the*  
16                *Departments of Veterans Affairs and Housing*  
17                *and Urban Development, and Independent Agen-*  
18                *cies Appropriations Act, 1992, the 19th through*  
19                *23d undesignated paragraphs of such item (Pub-*  
20                *lic Law 102–139; 105 Stat. 758).*

21           (18) *PUBLIC HOUSING CHILDHOOD DEVELOP-*  
22           *MENT.—Section 222 of the Housing and Urban-Rural*  
23           *Recovery Act of 1983 (12 U.S.C. 1701z–6 note).*

24           (19) *INDIAN HOUSING CHILDHOOD DEVELOP-*  
25           *MENT.—Section 518 of the Cranston-Gonzalez Na-*

1      *tional Affordable Housing Act (12 U.S.C. 1701z–6*  
2      *note).*

3           (20) *PUBLIC HOUSING COMPREHENSIVE TRANSI-*  
4      *TION DEMONSTRATION.*—*Section 126 of the Housing*  
5      *and Community Development Act of 1987 (42 U.S.C.*  
6      *1437f note).*

7           (21) *PUBLIC HOUSING ONE-STOP PERINATAL*  
8      *SERVICES DEMONSTRATION.*—*Section 521 of the*  
9      *Cranston-Gonzalez National Affordable Housing Act*  
10     *(42 U.S.C. 1437t note).*

11          (22) *PUBLIC HOUSING MINCS DEMONSTRA-*  
12     *TION.*—*Section 522 of the Cranston-Gonzalez Na-*  
13     *tional Affordable Housing Act (42 U.S.C. 1437f note).*

14          (23) *PUBLIC HOUSING ENERGY EFFICIENCY DEM-*  
15     *ONSTRATION.*—*Section 523 of the Cranston-Gonzalez*  
16     *National Affordable Housing Act (42 U.S.C. 1437g*  
17     *note).*

18          (24) *OMAHA HOMEOWNERSHIP DEMONSTRA-*  
19     *TION.*—*Section 132 of the Housing and Community*  
20     *Development Act of 1992 (Public Law 102–550; 106*  
21     *stat. 3712).*

22          (25) *PUBLIC AND ASSISTED HOUSING YOUTH*  
23     *SPORTS PROGRAMS.*—*Section 520 of the Cranston-*  
24     *Gonzalez National Affordable Housing Act (42 U.S.C.*  
25     *11903a).*

1       (b) *SAVINGS PROVISION.*—*The repeals made by sub-*  
 2 *section (a) shall not affect any legally binding obligations*  
 3 *entered into before the date of the enactment of this Act.*  
 4 *Any funds or activities subject to a provision of law re-*  
 5 *pealed by subsection (a) shall continue to be governed by*  
 6 *the provision as in effect immediately before such repeal.*

7       ***SEC. 502. CONFORMING AND TECHNICAL PROVISIONS.***

8       (a) *ALLOCATION OF ELDERLY HOUSING AMOUNTS.*—  
 9 *Section 202(l) of the Housing Act of 1959 (12 U.S.C.*  
 10 *1701q(l)) is amended by adding at the end the following*  
 11 *new paragraph:*

12               “(4) *CONSIDERATION IN ALLOCATING ASSIST-*  
 13 *ANCE.*—*Assistance under this section shall be allo-*  
 14 *cated in a manner that ensures that the awards of the*  
 15 *assistance are made for projects of sufficient size to*  
 16 *accommodate facilities for supportive services appro-*  
 17 *priate to the needs of frail elderly residents.”.*

18       (b) *ELIGIBILITY FOR ASSISTED HOUSING.*—

19               (1) *GENERAL.*—*Notwithstanding any other pro-*  
 20 *vision of law, for purposes of determining eligibility*  
 21 *for admission to assisted housing, a person shall not*  
 22 *be considered to have a disability or a handicap sole-*  
 23 *ly because of the prior or current illegal use of a con-*  
 24 *trolled substance (as defined in section 102 of the*

1       *Controlled Substances Act*) or solely by reason of the  
 2       prior or current use of alcohol.

3           (2) *DEFINITION.*—*For purposes of this sub-*  
 4       *section, the term “assisted housing” means housing*  
 5       *designed primarily for occupancy by elderly persons*  
 6       *or persons with disabilities that is assisted pursuant*  
 7       *to this Act, the United States Housing Act of 1937,*  
 8       *section 221(d)(3) or 236 of the National Housing Act,*  
 9       *section 202 of the Housing Act of 1959, section 101*  
 10      *of the Housing and Urban Development Act of 1965,*  
 11      *or section 811 of the Cranston-Gonzalez National Af-*  
 12      *fordable Housing Act.*

13          (3) *CONTINUED OCCUPANCY.*—*This subsection*  
 14      *may not be construed to prohibit the continued occu-*  
 15      *pancy of any person who is a resident in assisted*  
 16      *housing on the date of enactment of this Act.*

17          (c) *AMENDMENT TO HOUSING AND URBAN-RURAL RE-*  
 18      *COVERY ACT OF 1983.*—*Section 227(d)(2) of the Housing*  
 19      *and Urban-Rural Recovery Act of 1983 (12 U.S.C. 1701r-*  
 20      *1(d)(2)) is amended by inserting “the United States Hous-*  
 21      *ing Act of 1996,” after “the United States Housing Act of*  
 22      *1937,”.*

23          (d) *REVIEW OF DRUG ELIMINATION PROGRAM CON-*  
 24      *TRACTS.*—



1           (1) *REQUIREMENT.*—Notwithstanding the repeal  
2           under section 501(a)(26), the Secretary of Housing  
3           and Urban Development shall investigate all security  
4           contracts awarded by grantees under the Public and  
5           Assisted Housing Drug Elimination Act of 1990 (42  
6           U.S.C. 11901 et seq.) that are public housing agencies  
7           that own or operate more than 4,500 public housing  
8           dwelling units—

9                   (A) to determine whether the contractors  
10                  under such contracts have complied with all laws  
11                  and regulations regarding prohibition of dis-  
12                  crimination in hiring practices;

13                  (B) to determine whether such contracts  
14                  were awarded in accordance with the applicable  
15                  laws and regulations regarding the award of  
16                  such contracts;

17                  (C) to determine how many such contracts  
18                  were awarded under emergency contracting pro-  
19                  cedures;

20                  (D) to evaluate the effectiveness of the con-  
21                  tracts; and

22                  (E) to provide a full accounting of all ex-  
23                  penses under the contracts.

24           (2) *REPORT.*—Not later than 180 days after the  
25           date of the enactment of this Act, the Secretary shall

1       *complete the investigation required under paragraph*  
2       *(1) and submit a report to the Congress regarding the*  
3       *findings under the investigation. With respect to each*  
4       *such contract, the report shall (A) state whether the*  
5       *contract was made and is operating, or was not made*  
6       *or is not operating, in full compliance with applica-*  
7       *ble laws and regulations, and (B) for each contract*  
8       *that the Secretary determines is in such compliance*  
9       *in a personal certification of such compliance by the*  
10       *Secretary of Housing and Urban Development.*

11           (3) *ACTIONS.—For each contract that is de-*  
12       *scribed in the report under paragraph (2) as not*  
13       *made or not operating in full compliance with appli-*  
14       *cable laws and regulation, the Secretary of Housing*  
15       *and Urban Development shall promptly take any ac-*  
16       *tions available under law or regulation that are nec-*  
17       *essary—*

18                   (A) *to bring such contract into compliance;*

19                   *or*

20                   (B) *to terminate the contract.*

21       (e) *REFERENCES.—Except as provided in section 271*  
22       *and 501(b), any reference in any other Federal law, Execu-*  
23       *tive order, rule, regulation, or delegation of authority, or*  
24       *any document of or pertaining to—*

1           (1) *public housing or housing assisted under the*  
 2           *United States Housing Act of 1937 is deemed to refer*  
 3           *to public housing assisted under title II of this Act;*

4           (2) *to assistance under section 8 of the United*  
 5           *States Housing Act of 1937 is deemed to refer to as-*  
 6           *sistance under title III of this Act; and*

7           (3) *to assistance under the United States Hous-*  
 8           *ing Act of 1937 is deemed to refer to assistance under*  
 9           *this Act.*

10   **SEC. 503. AMENDMENTS TO PUBLIC AND ASSISTED HOUS-**  
 11                           **ING DRUG ELIMINATION ACT OF 1990.**

12           (a) *SHORT TITLE, PURPOSES, AND AUTHORITY TO*  
 13           *MAKE GRANTS.*—Chapter 2 of subtitle C of title V of the  
 14           *Anti-Drug Abuse Act of 1988 (42 U.S.C. 11901 et seq.) is*  
 15           *amended by striking the chapter heading and all that fol-*  
 16           *lows through section 5123 and inserting the following:*

17   **“CHAPTER 2—COMMUNITY PARTNERSHIPS**  
 18                           **AGAINST CRIME**

19   **“SEC. 5121. SHORT TITLE.**

20           *“This chapter may be cited as the ‘Community Part-*  
 21           *nerships Against Crime Act of 1996’.*

22   **“SEC. 5122. PURPOSES.**

23           *“The purposes of this chapter are to—*

24                   *“(1) improve the quality of life for the vast ma-*  
 25           *jority of law-abiding public housing residents by re-*

1        *ducing the levels of fear, violence, and crime in their*  
 2        *communities;*

3                *“(2) broaden the scope of the Public and Assisted*  
 4        *Housing Drug Elimination Act of 1990 to apply to*  
 5        *all types of crime, and not simply crime that is drug-*  
 6        *related; and*

7                *“(3) reduce crime and disorder in and around*  
 8        *public housing through the expansion of community-*  
 9        *oriented policing activities and problem solving.*

10    ***“SEC. 5123. AUTHORITY TO MAKE GRANTS.***

11        *“The Secretary of Housing and Urban Development*  
 12        *may make grants in accordance with the provisions of this*  
 13        *chapter for use in eliminating crime in and around public*  
 14        *housing and other federally assisted low-income housing*  
 15        *projects to (1) local housing and management authorities,*  
 16        *and (2) private, for-profit and nonprofit owners of federally*  
 17        *assisted low-income housing.”.*

18        *(b) ELIGIBLE ACTIVITIES.—*

19                *(1) IN GENERAL.—Section 5124(a) of the Anti-*  
 20        *Drug Abuse Act of 1988 (42 U.S.C. 11903(a)) is*  
 21        *amended—*

22                        *(A) in the matter preceding paragraph (1),*  
 23                        *by inserting “and around” after “used in”;*

1           (B) in paragraph (3), by inserting before  
2           the semicolon the following: “, including fencing,  
3           lighting, locking, and surveillance systems”;

4           (C) in paragraph (4), by striking subpara-  
5           graph (A) and inserting the following new sub-  
6           paragraph:

7           “(A) to investigate crime; and”;

8           (D) in paragraph (6)—

9           (i) by striking “in and around public  
10          or other federally assisted low-income hous-  
11          ing projects”; and

12          (ii) by striking “and” after the semi-  
13          colon; and

14          (E) by striking paragraph (7) and inserting  
15          the following new paragraphs:

16          “(7) providing funding to nonprofit public hous-  
17          ing resident management corporations and resident  
18          councils to develop security and crime prevention pro-  
19          grams involving site residents;

20          “(8) the employment or utilization of one or  
21          more individuals, including law enforcement officers,  
22          made available by contract or other cooperative ar-  
23          rangement with State or local law enforcement agen-  
24          cies, to engage in community- and problem-oriented  
25          policing involving interaction with members of the

1       *community in proactive crime control and prevention*  
 2       *activities;*

3               “(9) *programs and activities for or involving*  
 4       *youth, including training, education, recreation and*  
 5       *sports, career planning, and entrepreneurship and*  
 6       *employment activities and after school and cultural*  
 7       *programs; and*

8               “(10) *service programs for residents that address*  
 9       *the contributing factors of crime, including programs*  
 10       *for job training, education, drug and alcohol treat-*  
 11       *ment, and other appropriate social services.”.*

12               (2) *OTHER LHMA-OWNED HOUSING.*—Section  
 13       *5124(b) of the Anti-Drug Abuse Act of 1988 (42*  
 14       *U.S.C. 11903(b)) is amended—*

15               (A) *in the matter preceding paragraph*  
 16       (1)—

17                       (i) *by striking “drug-related crime in*  
 18               *housing owned by public housing agencies”*  
 19               *and inserting “crime in and around hous-*  
 20               *ing owned by local housing and manage-*  
 21               *ment authorities”; and*

22                       (ii) *by striking “paragraphs (1)*  
 23               *through (7)” and inserting “paragraphs (1)*  
 24               *through (10)”;* and

25               (B) *in paragraph (2)—*

1                   (i) by striking “public housing agency”  
 2                   and inserting “local housing and manage-  
 3                   ment authority”; and

4                   (ii) by striking “drug-related” and in-  
 5                   serting “criminal”.

6           (c) *GRANT PROCEDURES.*—Section 5125 of the Anti-  
 7   *Drug Abuse Act of 1988 (42 U.S.C. 11904) is amended to*  
 8   *read as follows:*

9   ***“SEC. 5125. GRANT PROCEDURES.***

10       “(a) *LHMA’S WITH 250 OR MORE UNITS.*—

11               “(1) *GRANTS.*—In each fiscal year, the Secretary  
 12       shall make a grant under this chapter from any  
 13       amounts available under section 5131(b)(1) for the  
 14       fiscal year to each of the following local housing and  
 15       management authorities:

16               “(A) *NEW APPLICANTS.*—Each local hous-  
 17       ing and management authority that owns or op-  
 18       erates 250 or more public housing dwelling units  
 19       and has—

20               “(i) submitted an application to the  
 21       Secretary for a grant for such fiscal year,  
 22       which includes a 5-year crime deterrence  
 23       and reduction plan under paragraph (2);  
 24       and

1                   “(ii) had such application and plan  
2                   approved by the Secretary.

3                   “(B) *RENEWALS*.—Each local housing and  
4                   management authority that owns or operates 250  
5                   or more public housing dwelling units and for  
6                   which—

7                   “(i) a grant was made under this  
8                   chapter for the preceding Federal fiscal  
9                   year;

10                  “(ii) the term of the 5-year crime de-  
11                  terrence and reduction plan applicable to  
12                  such grant includes the fiscal year for which  
13                  the grant under this subsection is to be  
14                  made; and

15                  “(iii) the Secretary has determined,  
16                  pursuant to a performance review under  
17                  paragraph (4), that during the preceding  
18                  fiscal year the agency has substantially ful-  
19                  filled the requirements under subparagraphs  
20                  (A) and (B) of paragraph (4).

21                  “(2) *5-YEAR CRIME DETERRENCE AND REDUC-*  
22                  *TION PLAN*.—Each application for a grant under this  
23                  subsection shall contain a 5-year crime deterrence  
24                  and reduction plan. The plan shall describe, for the



1        *local housing and management authority submitting*  
2        *the plan—*

3                *“(A) the nature of the crime problem in*  
4                *public housing owned or operated by the local*  
5                *housing and management authority;*

6                *“(B) the building or buildings of the local*  
7                *housing and management authority affected by*  
8                *the crime problem;*

9                *“(C) the impact of the crime problem on*  
10               *residents of such building or buildings; and*

11               *“(D) the actions to be taken during the term*  
12               *of the plan to reduce and deter such crime, which*  
13               *shall include actions involving residents, law en-*  
14               *forcement, and service providers.*

15        *The term of a plan shall be the period consisting of*  
16        *5 consecutive fiscal years, which begins with the first*  
17        *fiscal year for which funding under this chapter is*  
18        *provided to carry out the plan.*

19               *“(3) AMOUNT.—In any fiscal year, the amount*  
20               *of the grant for a local housing and management au-*  
21               *thority receiving a grant pursuant to paragraph (1)*  
22               *shall be the amount that bears the same ratio to the*  
23               *total amount made available under section 5131(b)(1)*  
24               *as the total number of public dwelling units owned or*  
25               *operated by such authority bears to the total number*

1        *of dwelling units owned or operated by all local hous-*  
2        *ing and management authorities that own or operate*  
3        *250 or more public housing dwelling units that are*  
4        *approved for such fiscal year.*

5            *“(4) PERFORMANCE REVIEW.—For each fiscal*  
6        *year, the Secretary shall conduct a performance re-*  
7        *view of the activities carried out by each local housing*  
8        *and management authority receiving a grant pursu-*  
9        *ant to this subsection to determine whether the agen-*  
10       *cy—*

11            *“(A) has carried out such activities in a*  
12        *timely manner and in accordance with its 5-*  
13        *year crime deterrence and reduction plan; and*

14            *“(B) has a continuing capacity to carry out*  
15        *such plan in a timely manner.*

16            *“(5) SUBMISSION OF APPLICATIONS.—The Sec-*  
17        *retary shall establish such deadlines and requirements*  
18        *for submission of applications under this subsection.*

19            *“(6) REVIEW AND DETERMINATION.—The Sec-*  
20        *retary shall review each application submitted under*  
21        *this subsection upon submission and shall approve the*  
22        *application unless the application and the 5-year*  
23        *crime deterrence and reduction plan are inconsistent*  
24        *with the purposes of this chapter or any requirements*  
25        *established by the Secretary or the information in the*

1     *application or plan is not substantially complete.*  
2     *Upon approving or determining not to approve an*  
3     *application and plan submitted under this subsection,*  
4     *the Secretary shall notify the local housing and man-*  
5     *agement authority submitting the application and*  
6     *plan of such approval or disapproval.*

7             “(7) *DISAPPROVAL OF APPLICATIONS.—If the*  
8     *Secretary notifies an authority that the application*  
9     *and plan of the authority is not approved, not later*  
10    *than the expiration of the 15-day period beginning*  
11    *upon such notice of disapproval, the Secretary shall*  
12    *also notify the authority, in writing, of the reasons*  
13    *for the disapproval, the actions that the authority*  
14    *could take to comply with the criteria for approval,*  
15    *and the deadlines for such actions.*

16            “(8) *FAILURE TO APPROVE OR DISAPPROVE.—If*  
17    *the Secretary fails to notify an authority of approval*  
18    *or disapproval of an application and plan submitted*  
19    *under this subsection before the expiration of the 60-*  
20    *day period beginning upon the submission of the plan*  
21    *or fails to provide notice under paragraph (7) within*  
22    *the 15-day period under such paragraph to an au-*  
23    *thority whose application has been disapproved, the*  
24    *application and plan shall be considered to have been*  
25    *approved for purposes of this section.*

1       “(b) *LHMA’S WITH FEWER THAN 250 UNITS AND*  
2 *OWNERS OF FEDERALLY ASSISTED LOW-INCOME HOUS-*  
3 *ING.*—

4               “(1) *APPLICATIONS AND PLANS.*—*To be eligible*  
5 *to receive a grant under this chapter, a local housing*  
6 *and management authority that owns or operates*  
7 *fewer than 250 public housing dwelling units or an*  
8 *owner of federally assisted low-income housing shall*  
9 *submit an application to the Secretary at such time,*  
10 *in such manner, and accompanied by such additional*  
11 *information as the Secretary may require. The appli-*  
12 *cation shall include a plan for addressing the problem*  
13 *of crime in and around the housing for which the ap-*  
14 *plication is submitted, describing in detail activities*  
15 *to be conducted during the fiscal year for which the*  
16 *grant is requested.*

17               “(2) *GRANTS FOR LHMA’S WITH FEWER THAN 250*  
18 *UNITS.*—*In each fiscal year the Secretary may, to the*  
19 *extent amounts are available under section*  
20 *5131(b)(2), make grants under this chapter to local*  
21 *housing and management authorities that own or op-*  
22 *erate fewer than 250 public housing dwelling units*  
23 *and have submitted applications under paragraph (1)*  
24 *that the Secretary has approved pursuant to the cri-*  
25 *teria under paragraph (4).*

1           “(3) *GRANTS FOR FEDERALLY ASSISTED LOW-IN-*  
2           *COME HOUSING.—In each fiscal year the Secretary*  
3           *may, to the extent amounts are available under sec-*  
4           *tion 5131(b)(3), make grants under this chapter to*  
5           *owners of federally assisted low-income housing that*  
6           *have submitted applications under paragraph (1)*  
7           *that the Secretary has approved pursuant to the cri-*  
8           *teria under paragraphs (4) and (5).*

9           “(4) *CRITERIA FOR APPROVAL OF APPLICA-*  
10          *TIONS.—The Secretary shall determine whether to ap-*  
11          *prove each application under this subsection on the*  
12          *basis of—*

13               “(A) *the extent of the crime problem in and*  
14               *around the housing for which the application is*  
15               *made;*

16               “(B) *the quality of the plan to address the*  
17               *crime problem in the housing for which the ap-*  
18               *plication is made;*

19               “(C) *the capability of the applicant to carry*  
20               *out the plan; and*

21               “(D) *the extent to which the tenants of the*  
22               *housing, the local government, local community-*  
23               *based nonprofit organizations, local tenant orga-*  
24               *nizations representing residents of neighboring*  
25               *projects that are owned or assisted by the Sec-*

1           retary, and the local community support and  
2           participate in the design and implementation of  
3           the activities proposed to be funded under the  
4           application.

5           In each fiscal year, the Secretary may give preference  
6           to applications under this subsection for housing  
7           made by applicants who received a grant for such  
8           housing for the preceding fiscal year under this sub-  
9           section or under the provisions of this chapter as in  
10          effect immediately before the date of the enactment of  
11          the United States Housing Act of 1996.

12           “(5) *ADDITIONAL CRITERIA FOR FEDERALLY AS-*  
13          *SISTED LOW-INCOME HOUSING.*—In addition to the  
14          selection criteria under paragraph (4), the Secretary  
15          may establish other criteria for evaluating applica-  
16          tions submitted by owners of federally assisted low-in-  
17          come housing, except that such additional criteria  
18          shall be designed only to reflect—

19                  “(A) relevant differences between the finan-  
20                  cial resources and other characteristics of local  
21                  housing and management authorities and owners  
22                  of federally assisted low-income housing; or

23                  “(B) relevant differences between the prob-  
24                  lem of crime in public housing administered by

1           *such authorities and the problem of crime in fed-*  
 2           *erally assisted low-income housing.”.*

3           (d) *DEFINITIONS.*—*Section 5126 of the Anti-Drug*  
 4 *Abuse Act of 1988 (42 U.S.C. 11905) is amended—*

5           *(1) by striking paragraphs (1) and (2);*

6           *(2) in paragraph (4)(A), by striking “section”*  
 7 *before “221(d)(4)”;*

8           *(3) by redesignating paragraphs (3) and (4) (as*  
 9 *so amended) as paragraphs (1) and (2), respectively;*  
 10 *and*

11           *(4) by adding at the end the following new para-*  
 12 *graph:*

13           *“(3) LOCAL HOUSING AND MANAGEMENT AU-*  
 14 *THORITY.—The term ‘local housing and management*  
 15 *authority’ has the meaning given the term in title I*  
 16 *of the United States Housing Act of 1996.”.*

17           (e) *IMPLEMENTATION.*—*Section 5127 of the Anti-Drug*  
 18 *Abuse Act of 1988 (42 U.S.C. 11906) is amended by striking*  
 19 *“Cranston-Gonzalez National Affordable Housing Act” and*  
 20 *inserting “United States Housing Act of 1996”.*

21           (f) *REPORTS.*—*Section 5128 of the Anti-Drug Abuse*  
 22 *Act of 1988 (42 U.S.C. 11907) is amended—*

23           *(1) by striking “drug-related crime in” and in-*  
 24 *serting “crime in and around”; and*

1           (2) by striking “described in section 5125(a)”  
 2           and inserting “for the grantee submitted under sub-  
 3           section (a) or (b) of section 5125, as applicable”.

4           (g) *FUNDING AND PROGRAM SUNSET*.—Chapter 2 of  
 5           subtitle C of title V of the Anti-Drug Abuse Act of 1988  
 6           is amended by striking section 5130 (42 U.S.C. 11909) and  
 7           inserting the following new sections:

8           **“SEC. 5130. FUNDING.**

9           “(a) *AUTHORIZATION OF APPROPRIATIONS*.—There  
 10          are authorized to be appropriated to carry out this chapter  
 11          such sums as may be necessary for fiscal year 1996.

12          “(b) *ALLOCATION*.—Of any amounts available, or that  
 13          the Secretary is authorized to use, to carry out this chapter  
 14          in any fiscal year—

15                 “(1) 85 percent shall be available only for assist-  
 16          ance pursuant to section 5125(a) to local housing and  
 17          management authorities that own or operate 250 or  
 18          more public housing dwelling units;

19                 “(2) 10 percent shall be available only for assist-  
 20          ance pursuant to section 5125(b)(2) to local housing  
 21          and management authorities that own or operate  
 22          fewer than 250 public housing dwelling units; and

23                 “(3) 5 percent shall be available only for assist-  
 24          ance to federally assisted low-income housing pursu-  
 25          ant to section 5125(b)(3).



1 ***“SEC. 5131. PROGRAM TERMINATION.***

2 *“The program under this chapter shall terminate at*  
 3 *the end of September 30, 1996. No grants may be made*  
 4 *under the program after such date.”.*

5 *(h) CONFORMING AMENDMENTS.—The table of contents*  
 6 *in section 5001 of the Anti-Drug Abuse Act of 1988 (Public*  
 7 *Law 100–690; 102 Stat. 4295) is amended—*

8 *(1) by striking the item relating to the heading*  
 9 *for chapter 2 of subtitle C of title V and inserting the*  
 10 *following:*

*“CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME”;*

11 *(2) by striking the item relating to section 5122*  
 12 *and inserting the following new item:*

*“Sec. 5122. Purposes.”;*

13 *(3) by striking the item relating to section 5125*  
 14 *and inserting the following new item:*

*“Sec. 5125. Grant procedures.”;*

15 *and*

16 *(4) by striking the item relating to section 5130*  
 17 *and inserting the following new items:*

*“Sec. 5130. Funding.*

*“Sec. 5131. Program termination.”.*

HR 2406 RH—2

HR 2406 RH—3

HR 2406 RH—4

HR 2406 RH—5

HR 2406 RH—6

HR 2406 RH—7

HR 2406 RH—8

HR 2406 RH—9

HR 2406 RH—10

HR 2406 RH—11

HR 2406 RH—12

HR 2406 RH—13

HR 2406 RH—14

HR 2406 RH—15

HR 2406 RH—16

HR 2406 RH—17